

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, June 20, 2017

Lebanon, Virginia

**BOARD MEMBERS:**

Bill Harris—Public Member

Donnie Rife—Public Member

Mary Quillen—Public Member

Rita Surratt—Public Member

**APPEARANCES:**

Bradley Lambert—Chairman of the Virginia Gas & Oil Board

Rick Cooper—Director of the Division of Gas & Oil and  
Principal Executive to the Staff of the Board

Sarah Gilmer—Staff Member of the Division of Gas & Oil

Sally Ketron—Staff Member of the Division of Gas & Oil

Paul Kugelman, Jr.—Senior Assistant Attorney General

*Prepared by: Margaret Linford*

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1 **Bradley Lambert:** Okay, ladies and gentlemen, it's now after 9:00 and it's time to begin our  
2 proceedings, this morning. First off, I'd ask, if you have any cell phones or other communication  
3 device, would you please put those on silent or turn those off? These proceedings are being  
4 recorded and we need to be able to hear the testimony and what discussion goes on, with the  
5 Board. First on our agenda, this morning, let me have the Board introduce themselves. I'll begin  
6 with Ms. Surratt.

7 **Rita Surratt:** I'm Rita Surratt, public member from Dickenson County.

8 **Paul Kugelman:** Paul Kugelman, with the Virginia Attorney General's Office.

9 **Bradley Lambert:** I'm Butch Lambert, with the Department of Mines, Minerals and Energy.

10 **Donnie Rife:** Donnie Rife, public member with Dickenson County.

11 **Bill Harris:** I'm Bill Harris, a public member. I'm from Wise County.

12 **Mary Quillen:** Mary Quillen, public member.

13 **Bradley Lambert:** Okay. Thank you

14 **Item Number 1**

15 **Bradley Lambert:** Next, on our docket is the Board will now receive public comments. I have,  
16 signed up for public comments, this morning, Ms. Judith Musick.

17 **Judith Musick:** I was told, after I signed in, that you would not address the issues that I had, for  
18 the Board, today, so I guess we're going to have to skip that.

19 **Rick Cooper:** We'll take care of that, Mr. Lambert. She's made an appointment with Ms.  
20 Gilmer, to talk about some of her issues.

21 **Bradley Lambert:** Okay. Is that okay?

22 **Judith Musick:** That's fine.

23 **Bradley Lambert:** Okay. Thank you, Ms. Musick. Ms. Evelyn Roe?

24 **Evelyn Roe:** Same thing.

25 **Bradley Lambert:** Same thing? Okay. Thank you.

**Item Number 2**

**Bradley Lambert:** The next item on the agenda is Item Number 2. A petition from CNX Gas Company, LLC, for (1) disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tract 5, as depicted upon the annexed table. This is Docket Number VGOB-92-0721-0240-08. All parties wishing to testify please come forward.

**Mark Swartz:** Mark Swartz and Anita Duty.

**Bradley Lambert:** Good morning.

**Sarah Gilmer:** Do you swear and affirm that your testimony is the truth, the whole truth and nothing but the truth?

**Anita Duty:** Yes.

**Bradley Lambert:** You may proceed, Mr. Swartz.

**Mark Swartz:** Thank you. Anita, would you state your name for us, please?

**Anita Duty:** Anita Duty.

**Mark Swartz:** Who do you work for?

**Anita Duty:** CNX Land, LLC.

**Mark Swartz:** This first petition, today, that we have, concerns Unit W20. Correct?

**Anita Duty:** Yes.

**Mark Swartz:** And, it is a petition for disbursement?

**Anita Duty:** Yes.

**Mark Swartz:** The reason for a request for disbursement is what?

**Anita Duty:** A court order.

**Mark Swartz:** Have you prepared a Table 1, which would give the Escrow Agent, the Board could use to give the Escrow Agent instructions, as to how the disbursement is to be made?

**Anita Duty:** Yes.

**Mark Swartz:** And, that's at Page 5, I think, of the PDF?

**Anita Duty:** Yes.

**Mark Swartz:** And, this is a percentage. Right?

1    **Anita Duty:** It is.

2    **Mark Swartz:** And, it's a pretty easy percentage.

3    **Anita Duty:** Yes.

4    **Mark Swartz:** It's everything.

5    **Anita Duty:** 100%, yes.

6    **Mark Swartz:** And, who is to receive the disbursement?

7    **Anita Duty:** It's the W.S. Ellis Estate, in care of James Huffman, his agent.

8    **Mark Swartz:** And, have you provided an address for him?

9    **Anita Duty:** Yes.

10   **Mark Swartz:** And, the Escrow Agent should be directed to disburse 100% of the balance on  
11   hand, with regard to Unit W20, to that person and, then, to close the account?

12   **Anita Duty:** Yes.

13   **Mark Swartz:** Okay.

14   **Anita Duty:** The payment will actually be sent to Shea Cook.

15   **Mark Swartz:** Okay. I didn't see that, in here, unless it's in the order.

16   **Anita Duty:** It's in the affidavit. I'll get it loaded.

17   **Mark Swartz:** Okay.

18   **Anita Duty:** It goes to Shea Cook.

19   **Mark Swartz:** Not payable to him.

20   **Anita Duty:** Not payable to him, just mailed to him. Yes.

21   **Mark Swartz:** And, you will upload the affidavit, on that?

22   **Anita Duty:** Yes.

23   **Mark Swartz:** Okay. And, that's an affidavit that Huffman signed?

24   **Anita Duty:** Yes.

25   **Mark Swartz:** On behalf of the estate?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** On this one, we have, obviously, no need for continuing escrow, so Exhibit E  
3 simply says we don't need to escrow. Then, you've provided a revised Exhibit EE. Correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** With regard to payments, going forward?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Then, we have an Exhibit J, which is the reconciliation. Correct?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** In the reconciliation, did you undertake to locate all of the payments that the  
10 operator had made into escrow and, then, look for a corresponding deposit?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Were there some problems?

13 **Anita Duty:** There were.

14 **Mark Swartz:** Have you highlighted those?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Basically, they appear to be in, roughly, the first half of 1995, going into  
17 August?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** There are some differences. Other than that, it looks like those were the only  
20 issues identified?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Then, you did a reconciliation, where you calculated a balance. You estimated a  
23 balance and you compared that to the bank balance. Right?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And, the bank balance, in comparison, date you were using, was the end of  
26 March 2017?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** And, what was the difference?

2 **Anita Duty:** First Bank and Trust is showing \$1,513.87 more.

3 **Mark Swartz:** Than you were?

4 **Anita Duty:** Than our calculations.

5 **Mark Swartz:** And, you've attached a copy of the court order pertaining to this?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** I believe that's all I have, Mr. Chairman.

8 **Bradley Lambert:** Any questions from the Board? [No response] Do you have anything  
9 further, Mr. Swartz?

10 **Mark Swartz:** I do not.

11 **Bradley Lambert:** Do I have a motion?

12 **Donnie Rife:** Motion made for approval, Mr. Chair.

13 **Bill Harris:** Second.

14 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
15 response] All in favor signify by saying yes.

16 **Board:** Yes.

17 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That is approved.

18 **Mark Swartz:** Thank you.

19 **Item Number 3**

20 **Bradley Lambert:** We're calling Docket Item Number 3. A petition from CNX Gas Company,  
21 LLC, for (1) disbursement from escrow regarding Tract 1A; and (2) dismissal of surface coal  
22 owners. Docket Number VGOB-93-0622-0379-01. I understand, from Mr. Cooper, that you've  
23 requested this to be continued until July?

24 **Mark Swartz:** Right. We filed this and served it and, then, I received a call from Attorney Don  
25 McLaughlin and Attorney Ben Street. They both were requesting a continuance. I checked with  
26 Tom Pruitt, who represents H-W Harrison Wyatt, who would be the primary recipient, if it works  
27 out for them. They did not have an objection to a month, so I said I would ask for that and I  
28 thought you might accommodate them.

1 **Bradley Lambert:** Okay. We'll continue that until July.

2 **Mark Swartz:** Great.

3 **Bradley Lambert:** Mr. Cooper, do we need to take a recess, while business is done, up here?

4 **Rick Cooper:** No, we can wait. We can take the break after CNX has got a couple of issues to  
5 resolve before EnerVest actually comes forward.

6 **Bradley Lambert:** Okay. Thank you.

7 **Item Number 4**

8 **Bradley Lambert:** We're calling Docket Item Number 4. A petition from CNX Gas Company,  
9 LLC, for (1) disbursement of escrowed funds heretofore deposited with the Board's Escrow  
10 Agent, attributable to Tract 3, and a portion of Tracts 5 & 8, as depicted upon the annexed table;  
11 (2) authorization to begin paying royalties directly to the parties listed in the petition; and (3)  
12 dismissal of coal owner. This is Docket Number VGOB-94-1024-0476-05. All parties wishing  
13 to testify please come forward.

14 **Mark Swartz:** Mark Swartz and Anita Duty.

15 **Bradley Lambert:** You may continue, Mr. Swartz.

16 **Mark Swartz:** Thank you. Anita, state your name for us, again.

17 **Anita Duty:** Anita Duty.

18 **Mark Swartz:** And, you're here on behalf of CNX Gas Company, LLC?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And, this is a petition for disbursement?

21 **Anita Duty:** It is.

22 **Mark Swartz:** From the escrow account for Unit T16?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And, the reason, here, I think, is actually some gas claimants, under the House  
25 Bill?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And, you've given notice, previously, to the coal owner, on the other side?



1    **Anita Duty:** Yes.

2    **Mark Swartz:** And, did not receive any agreement or evidence of a lawsuit, back?

3    **Anita Duty:** Correct.

4    **Mark Swartz:** And, that notice, actually, was given quite some time ago. I think, in September  
5    2015.

6    **Anita Duty:** Yes.

7    **Mark Swartz:** To Harrison-Wyatt?

8    **Anita Duty:** Yes.

9    **Mark Swartz:** Have you prepared a Table 1, listing the folks who are to receive the proposed  
10   distribution?

11   **Anita Duty:** Yes.

12   **Mark Swartz:** That is at PDF Page 6, I think. We're talking about, it looks like, three tracts--3,  
13   5, & 8.

14   **Anita Duty:** Yes.

15   **Mark Swartz:** Okay. For each tract and each disbursement, have you supplied the Board with  
16   the name of the person or company who is to receive the disbursement?

17   **Anita Duty:** Yes.

18   **Mark Swartz:** And, for each person or company, have you provided an address?

19   **Anita Duty:** Yes.

20   **Mark Swartz:** And, this is a percentage disbursement. Correct?

21   **Anita Duty:** It is.

22   **Mark Swartz:** Have you, for each person or company, stated a percentage that the Escrow  
23   Agent should use, in calculating the dollars?

24   **Anita Duty:** Yes.

25   **Mark Swartz:** And, the percentage that the Escrow Agent should use is in the second column  
26   from the right-hand side of the table?

27   **Anita Duty:** It is.

1 **Mark Swartz:** And, the Escrow Agent should be directed to apply that percentage to the  
2 balance on hand, at the time the disbursement is made, and that will generate the correct amount?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And, you've provided the Board, at the foot of Table 1, with the wells that have  
5 contributed to the escrow account?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** You provided the Board with a revised Exhibit E because there will still be an  
8 escrow requirement?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And, you have also provided a revised Exhibit EE, showing how payments are to  
11 be made or disbursed, directly, going forward?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Then, we have an Exhibit J. Right?

14 **Anita Duty:** We do.

15 **Mark Swartz:** Once again, we've got some issues, there, that you've highlighted?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Did you, in doing your reconciliation, identify all checks that the operator had  
18 paid?

19 **Anita Duty:** We did.

20 **Mark Swartz:** And look for deposits?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Obviously, there were some differences, here.

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Once again, we've got some early on, '95, '96. Then, you've got some  
25 differences in 2002, which you, apparently, were able to resolve?

26 **Anita Duty:** We were.

27 **Mark Swartz:** And, those are in brackets. They're not highlighted?

1 **Anita Duty:** Right.

2 **Mark Swartz:** You got to the bottom of that and squared that away. Then, we come to the end  
3 and you did your calculation?

4 **Anita Duty:** We did.

5 **Mark Swartz:** When you compared your calculated balance total to the March 2017 First Bank  
6 balance, there was a difference. What was that?

7 **Anita Duty:** The bank is showing \$6.33 less than our calculation.

8 **Mark Swartz:** You're requesting that Harrison-Wyatt be dismissed, with regard to this unit,  
9 with regard to these folks, as not having produced an agreement or a lawsuit?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** That's all I have, Mr. Chairman.

12 **Bradley Lambert:** Any questions from the Board?

13 **Bill Harris:** Mr. Chairman, let me just ask a quick question. Back in your Table 1, I noticed  
14 toward the end, especially.... I guess that's because of the small size of Tract 8. I notice some  
15 folks are .03 is their pay-out, a lot of those. Do you all just, actually, write the check for .03, or  
16 do you...?

17 **Anita Duty:** The Escrow Agent does. Yes.

18 **Bill Harris:** Okay. I was just curious. I thought you all might bump it up to \$1.

19 **Mark Swartz:** Only if the Board is willing to kick in the \$.97.

20 **Bill Harris:** I understand. Thank you. I just was curious.

21 **Mark Swartz:** There is some limitation on our obligation to cut a royalty check, until the  
22 royalty reaches a certain amount.

23 **Bill Harris:** I wondered about that.

24 **Mark Swartz:** That is a limiting factor, if we're paying people, directly, but with regard to  
25 escrow, no. They zero it out. So, that really means that.

26 **Bill Harris:** Thank you.

27 **Bradley Lambert:** Any other questions? [No response] Do I have a motion?

28 **Donnie Rife:** Motion made for approval, Mr. Chair.

1 **Bill Harris:** I'll second that.

2 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All in  
3 favor signify by saying yes.

4 **Board:** Yes.

5 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That one is approved.

6 **Mark Swartz:** Thank you.

7 **Item Number 5**

8 **Bradley Lambert:** We're calling Docket Item Number 5. A petition from CNX Gas Company,  
9 LLC, for (1) disbursement of escrowed funds attributable to royalty interest only, heretofore  
10 deposited with the Board's Escrow Agent, attributable to Tracts 2B and 4C, as depicted upon the  
11 annexed table; and (2) authorization to begin paying royalties directly to the parties listed in the  
12 petition. Docket Number VGOB-02-0917-1072-04. All parties wishing to testify please come  
13 forward.

14 **Mark Swartz:** Anita, would you state your name for us, please?

15 **Anita Duty:** Anita Duty.

16 **Mark Swartz:** This is another petition for disbursement. Correct?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And, this pertains to the escrow account that has been maintained for Unit  
19 BA110?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** You stated that the reason for the disbursement request, here, is gas claimants,  
22 under the House Bill?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And, you've previously provided notice to the conflicting coal owners, that they  
25 need to come forward, if they have a grievance or if they've started a lawsuit and provide  
26 evidence of that?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** Have they done that?

1 **Anita Duty:** They have not.

2 **Mark Swartz:** So, we're looking at a disbursement, the right to pay, directly, and then a  
3 dismissal of Buckhorn?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** We have a Table 1, I assume. Right?

6 **Anita Duty:** We do.

7 **Mark Swartz:** That is at PDF Page 6. The recipient from both tracts is Howard Russell Dye.  
8 Correct?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And, you've provided his address?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And, you have provided percentages that pertain to each tract?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** But, basically, Mr. Dye is going to receive 100% of the balance on hand?

15 **Anita Duty:** He is and the account will be closed.

16 **Mark Swartz:** And the account will be closed, as is indicated by the Exhibit E that follows.

17 **Anita Duty:** Yes.

18 **Mark Swartz:** So, the Escrow Agent, essentially, should be directed to disburse 100% of the  
19 money to Mr. Dye.

20 **Anita Duty:** Yes, the royalty interest account, only, to be closed.

21 **Mark Swartz:** Okay. Are there, in fact.... When we get to Exhibit J, we'll talk about that, but  
22 your reconciliation, here, is that only with regard to the royalty interest account?

23 **Anita Duty:** It is.

24 **Mark Swartz:** Is there, also, another piece of this escrow account that pertains to a working  
25 interest?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And, does that need to be dealt with?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** At the moment, is e-forms capable of processing that?

3 **Anita Duty:** Not in the same petition as this one that we were trying to.... We were trying to  
4 clear out both accounts with this petition and we couldn't do it.

5 **Mark Swartz:** So, we're trying to make one trip, but you're going to have to make two.

6 **Anita Duty:** Right.

7 **Mark Swartz:** And, Mr. Cooper is aware of that and you have been working together to try to  
8 get to a point where we can make one trip. Yes? No?

9 **Anita Duty:** We've discussed it. Yes.

10 **Mark Swartz:** Okay. We're negotiating that.

11 **Anita Duty:** Well, I think they are having.... There's a couple things that we need help, to be  
12 able to put things into e-forms and I think their IT department must be.... They're not always  
13 available to help with e-forms.

14 **Bradley Lambert:** Mr. Cooper, can you help us?

15 **Rick Cooper:** You know, there's a lot of things going on with the IT group. I guess,  
16 specifically, in regard to this, we would like to know how many petitions that this would relate  
17 to, before we re-program our data or re-do our e-forms, to see if it justifies the time that is  
18 required to do that. I don't know that we have that answer, at this time.

19 **Anita Duty:** It's probably not as much the working-interest account and the royalty-interest  
20 account. It's on previous-owner payments. I think, lately, the last two months we've had emails  
21 that says that we can't. One of the reasons...we filed a petition, last week. One of the reasons  
22 that we can't pay somebody out that we listed in there, was because of the e-forms would not  
23 allow it. So, we had to leave those people.

24 **Rick Cooper:** An example is, we may have three different time periods and different  
25 ownerships and it makes it a bit difficult, but I don't know how many of those petitions we have.  
26 So, you could have an ownership in '95 and another ownership in '99 and another ownership in  
27 2001 and, even, a current ownership. So, when you get those multiple, different, time-periods,  
28 our system is not set to do that, but it probably could be done if there's enough of those to justify  
29 the time that it would take to do the re-programming. So, that's where we're at, today. The  
30 alternate to that is, if we can't do that, it would be multiple petitions, three petitions, or whatever,  
31 to resolve the same issue. I don't know how many of those that we have.

1 **Anita Duty:** The only thing that I know is that it's come up twice, recently, that I remember. I  
2 don't know how often that will keep coming, but we had to list the reason in our exhibit, as to  
3 why we didn't pay, so I want to make sure that you all are aware that we did that because we  
4 have no other reason to keep those people in escrow, other than e-forms wouldn't handle it. I just  
5 wanted to make you all aware. I'm not trying to.... I just wanted to make you aware of it  
6 because I know questions may come, later, as to why.

7 **Bradley Lambert:** We appreciate that.

8 **Mark Swartz:** People ask us that, too. "Why didn't I get paid, when it was disbursed?" So,  
9 we're just trying to be transparent about that, that we're unable to pay everybody, occasionally,  
10 for legitimate reasons because we either have to make multiple trips or we need to do some  
11 programming.

12 **Rick Cooper:** Correct.

13 **Anita Duty:** Unfortunately, this time it was the same owner in different tracts that obtained  
14 interest, at different times, so it was the same owner that was affected and we chose to pay her  
15 the tract that she would have gotten the most payment, first.

16 **Bradley Lambert:** Mr. Cooper is correct with his analysis that if there's going to be multiple of  
17 these situations come up, then probably, we need to elevate it in our IT department, but if it's  
18 only occasionally...

19 **Anita Duty:** The thing of it is, it's hard to tell, until we get there.

20 **Paul Kugelman:** Can I ask a question, Mr. Chairman?

21 **Bradley Lambert:** Sure.

22 **Paul Kugelman:** Is there anything preventing the petitioner from just filing multiple petitions,  
23 to be heard on the same day? I'm hearing it takes us two times, three times, to come here.

24 **Mark Swartz:** You can't have multiple orders to be paid. They've got to be paid in sequence.  
25 Otherwise, the math's wrong.

26 **Paul Kugelman:** The sequence is going to exist, in time, when you get here or.... Am I missing  
27 something? Presuming that all the petitions get granted, ad seriatim....

28 **Anita Duty:** You're assuming that whoever is making the pay-out, pays it out, in sequence.  
29 That's the reason we don't do it because, in the past, we've had issues with one order getting  
30 recorded, prior to another one. They don't realize they're related and that percentage.

31 **Paul Kugelman:** That doesn't sound like that could be fixed by changing the petition. I'm  
32 trying to look at it, from an administrative perspective. I'm just trying to understand the process

1 because I'm thinking, once you're fixed, in time, with respect to filing the petition, and  
2 everything else kind of falls into place.

3 **Mark Swartz:** Will Table 1 let you? Can you generate a Table 1, in process, more than once or  
4 do you have to wait for that to clear your system?

5 **Rick Cooper:** I think we can do multiple petitions, per month, if that is what you're asking. We  
6 would just have to know the sequence of pay-out. As long as you pay out the sequence,  
7 correctly, I think all the numbers....

8 **Paul Kugelman:** I'm thinking that might be the answer, then. Maybe, I'm over-simplifying it.  
9 Maybe, I don't understand part of the process. The other thing is, if one payment is contingent  
10 on a prior payment, if the petition is denied, the rest of them just need to come off, for that  
11 hearing day.

12 **Anita Duty:** The other thing.... You're making them, whenever you're doing your direct  
13 payment, and then you go to calculate your percentage, going forward, you're going to have to....  
14 Any of the petitions that should come in sequence, you're going to have to make an assumption,  
15 as to what the balance would be, at the time, because you have to put those balances in, in date.

16 **Paul Kugelman:** Right. What I'm saying is, instead of doing that over the course of months,  
17 you do it over the course of a hearing.

18 **Mark Swartz:** Let's say you've got one person who has three interests acquired at different  
19 times. Okay?

20 **Paul Kugelman:** Right.

21 **Mark Swartz:** Put that person on direct pay. The balance, going forward, is not going to reflect  
22 his payments, anymore.

23 **Paul Kugelman:** But, if that interest is closed out...

24 **Mark Swartz:** He's got an interest in two other tracts. I can see how this could get really  
25 screwed up. We may be able to do that, but...

26 **Paul Kugelman:** You're the financial guy. You do a lot more financial work than I do, but I'm  
27 just thinking if you fix it.... I'm going back to actually something you said in a meeting a long  
28 time ago. Once you reach the part where it can be disbursed, you just disburse into an account.  
29 Then, it's fixed, in time. The interest is fixed, whatever interest for that principal gets put into  
30 that unit. Maybe it's something to re-visit. I don't want to sit here and have a long, drawn-out  
31 meeting about it. It was just a thought I had.

32 **Mark Swartz:** I think we need to actually run a test case, just to make sure that the numbers can  
33 be.... The problem is you've still got money going into escrow and I'm just worried to make sure



1 that we do the math right, so that the percentage we're going to apply to the balance is the right  
2 percentage, going forward.

3 **Paul Kugelman:** But, the money coming in should be funneled to the interest, anyway. My  
4 thinking is there shouldn't be anything magical about it. If you have a drilling unit with five  
5 different tracts, three get disbursed. Whatever is still coming in, if it's direct pay for three of the  
6 tracts, it's going to go to those tracts' interest, whoever owns them and the other two are going to  
7 be put in the escrow account, until it's resolved.

8 **Mark Swartz:** But, this guy's still got money in there and it's going to come out.

9 **Paul Kugelman:** But, you do it by interest, regardless. You do it by tract interest, regardless of  
10 who the owner is. If all five are owned by the same guy....

11 **Mark Swartz:** They're not.

12 **Paul Kugelman:** If they're owned by five different people.... Like I said, I might be over-  
13 simplifying it. It was just a thought.

14 **Mark Swartz:** I think it's possible that we might be able to do that. I just would want to run the  
15 math, to make sure that we're not.... We'll do an internal example and make sure we can do it. If  
16 you're agreeable to that and it works, we'll make one trip.

17 **Paul Kugelman:** Does that make sense?

18 **Rick Cooper:** Ms. Gilmer, is that doable?

19 **Sarah Gilmer:** I think it's doable. We'll need to run the math and make sure it all works. So, it  
20 will just depend on what each circumstance is. Anita can run the math and make sure it's going  
21 to be okay. I think it, probably, could work, but it might not work for everyone. She knows how  
22 that works.

23 **Mark Swartz:** One of the reasons that I'm worried about it.... You probably remember that,  
24 sometimes, we come in here, when there's been a transfer of an interest in a tract and we do two  
25 tables. We do a Table 1, that's a fixed amount, to make sure that, going forward, we've got the  
26 right number. Then, the second disbursement is a percentage. I just want to make sure that we  
27 track these interests in a way that we don't siphon money from other people into an account, to  
28 overpay somebody. It may actually work. We may be able to do it, as long as you're open to  
29 multiple scenarios on one trip, we'll explore that, to simplify everybody's life. We can do it.  
30 We're up for doing it. We just want to make sure that we just don't have some issue, down the  
31 road.

32 **Paul Kugelman:** I appreciate that and I wasn't throwing that out, as a definite fix. It was a  
33 thought.

1 **Mark Swartz:** But, it's an idea that we're prepared to pursue, now that we know it's good with  
2 you guys.

3 **Bradley Lambert:** Do a pilot project, on the next one.

4 **Sarah Gilmer:** I'll just have to track it and make sure that it gets paid in the correct order and  
5 that kind of thing.

6 **Mark Swartz:** Well, the order will have to say how it's going to be paid. We're going to have to  
7 come in and tell you that. The other issue we have, that we have to explore, is to make sure that  
8 our division order royalty people and our payments, our ability to pay people in our computer  
9 system, will allow for this, too.

10 **Anita Duty:** So that they have the same...they realize the same thing that we do. That has to be  
11 paid in order.

12 **Bradley Lambert:** Let me go back, again, and say...

13 **Anita Duty:** I don't really have control over them.

14 **Bradley Lambert:** If this is ongoing and going to be a lot of them, we'll look at re-  
15 programming the system, but let's try this, first.

16 **Anita Duty:** I know we have, at least, two. I think there's a third one that came up, this week. I  
17 think we've got three units, so far.

18 **Mark Swartz:** So, let's look at a couple of those and see what we can do and we'll be here, in  
19 July, and we can have a report that, yes, it works. We think we can make this work, or here are  
20 the problems.

21 **Bradley Lambert:** Just remember our IT department services seven divisions, across the State.

22 **Anita Duty:** I understand.

23 **Bradley Lambert:** We can't just jump on every little thing that comes up, so let's try things  
24 before.

25 **Mark Swartz:** Here's what we're worried about, what Anita's worried about. We get questions.  
26 "Why didn't I receive a check?" And, we just want the record to reflect that, in theory, we could  
27 have paid people and this is why we haven't, today.

28 **Bradley Lambert:** Okay.

29 **Anita Duty:** We, actually, had to call her and explain to her why she wasn't getting paid on one  
30 tract and she was getting paid on the other. And, we actually put that on our exhibits. We  
31 wanted you all to know that, too.

1    **Bradley Lambert:** Okay. We'll try one, in July, and see how it works.

2    **Mark Swartz:** All right.

3    **Bradley Lambert:** Now, I'm lost. I forgot where we were. Anything further, Mr. Swartz?

4    **Mark Swartz:** I'm thinking we didn't get through Exhibit J.

5    **Bradley Lambert:** We didn't do Exhibit J.

6    **Mark Swartz:** Anita, with regard to Exhibit J, for BA110, again, did you try to locate all of the  
7 checks that you had cut?

8    **Anita Duty:** Yes.

9    **Mark Swartz:** And locate corresponding deposits?

10   **Anita Duty:** Yes.

11   **Mark Swartz:** And a couple instances that you highlighted, in yellow, you were not able to  
12 match?

13   **Anita Duty:** We were not.

14   **Mark Swartz:** Then, those are followed by some brackets. In those instances, you were able to  
15 make it work.

16   **Anita Duty:** Yes.

17   **Mark Swartz:** Again, those were early on. Then, you ran a total. Correct?

18   **Anita Duty:** We did.

19   **Mark Swartz:** And, you compared that to the bank's total, as of March 2017. There was a  
20 difference. What was the difference?

21   **Anita Duty:** The bank was showing \$1,176.41 more than our calculation.

22   **Mark Swartz:** In this instance, Buckhorn has already been dismissed, so we don't need to deal  
23 with that?

24   **Anita Duty:** Correct.

25   **Mark Swartz:** So, it's just a matter of making the disbursement to Mr. Dye, closing the escrow  
26 account, with regard to the royalty interest, and then paying him, directly, going forward. Right?

27   **Anita Duty:** Yes.

1 **Mark Swartz:** That's all I have.

2 **Bradley Lambert:** Anything further? [No response] Any questions from the Board? [No  
3 response] We spent too much time on that discussion.

4 **Mark Swartz:** Correct.

5 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.  
6 Swartz?

7 **Mark Swartz:** No.

8 **Bradley Lambert:** Do I have a motion?

9 **Donnie Rife:** Motion made for approval, Mr. Chair.

10 **Bill Harris:** Second.

11 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
12 response] All in favor signify by saying yes.

13 **Board:** Yes.

14 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That is approved.

15 **Item Number 6**

16 **Bradley Lambert:** We're calling Docket Item Number 6. A petition from CNX Gas Company,  
17 LLC, for Pooling under the Nora Coalbed Methane Gas Field I. This is Docket Number VGOB-  
18 17-0620-4125. All parties wishing to testify please come forward.

19 **Mark Swartz:** Mark Swartz and Anita Duty.

20 **Bradley Lambert:** Board, you might want to reflect that, in your agenda, it says, "Oakwood  
21 Coalbed Methane," but it's actually Nora Coalbed.

22 **Mark Swartz:** Correct. It's Nora everywhere, except in the docket, so we're good. Anita,  
23 would you state your name for us, again, please?

24 **Anita Duty:** Anita Duty.

25 **Mark Swartz:** Who do you work for?

26 **Anita Duty:** CNX Land, LLC.

27 **Mark Swartz:** And, are you here on behalf of the applicant, CNX Gas Company, LLC, today?

1    **Anita Duty:** Yes.

2    **Mark Swartz:** And, this is a pooling application, as opposed to a disbursement request.

3    **Anita Duty:** It is.

4    **Mark Swartz:** And, this pertains to what unit?

5    **Anita Duty:** U80.

6    **Mark Swartz:** And, it's in what field?

7    **Anita Duty:** Nora.

8    **Mark Swartz:** And, how many acres?

9    **Anita Duty:** 58.66.

10   **Mark Swartz:** What did you do to notify people that we were going to have a hearing today,  
11   with regard to this pooling application?

12   **Anita Duty:** Mailed by certified mail, return receipt requested, on May 4, 2017. Published the  
13   notice and location map in the Bluefield Daily Telegraph, on May 9, 2017.

14   **Mark Swartz:** And, I assume you have uploaded that into the system? Both of those?

15   **Anita Duty:** Yes.

16   **Mark Swartz:** The certificates of mailing and the proof of publication.

17   **Anita Duty:** We have.

18   **Mark Swartz:** Okay. You have listed the respondents in the notice, in the application and  
19   Exhibit B3. Do you want to add any respondents, today?

20   **Anita Duty:** No.

21   **Mark Swartz:** Do you want to dismiss any?

22   **Anita Duty:** No.

23   **Mark Swartz:** Okay. This pooling application contemplates how many wells?

24   **Anita Duty:** Two.

25   **Mark Swartz:** And, have you provided cost data?

26   **Anita Duty:** Yes.

1 **Mark Swartz:** We'll go back to that, in a moment. One of the wells is located within the  
2 drilling window. Correct?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And, one is outside?

5 **Anita Duty:** It is.

6 **Mark Swartz:** And, I think you attached a request for location exception, toward the end of  
7 your application.

8 **Anita Duty:** We did.

9 **Mark Swartz:** Just to document that.

10 **Anita Duty:** Yes.

11 **Mark Swartz:** That location exception is something that is driven by what?

12 **Anita Duty:** The permit process.

13 **Mark Swartz:** Right. What's the reason?

14 **Anita Duty:** Steep topography and residential structures.

15 **Mark Swartz:** Okay. Those are the reasons for the request. If we look at the plat, the U80A is  
16 in the upper northwest corner of the drilling window. Right?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And, the U80 is in the southeast corner of the unit, itself.

19 **Anita Duty:** Yes.

20 **Mark Swartz:** You provided Exhibit B, which is a list of everyone who has an interest in the  
21 unit. Right?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Then, Exhibit B3 deals with the respondents and their interest. Correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And, we have an heirship, essentially which is the problem, here. Right?

26 **Anita Duty:** Yes.

1 **Mark Swartz:** And, Exhibit B3 summarizes the amount of acres that are being pooled. How  
2 many acres is that?

3 **Anita Duty:** 2.84.

4 **Mark Swartz:** The percentage of the unit that that represents is what?

5 **Anita Duty:** 4.8415.

6 **Mark Swartz:** And, you have provided well cost estimates. The first estimate is in what  
7 amount?

8 **Anita Duty:** \$360,580.

9 **Mark Swartz:** And, the second one?

10 **Anita Duty:** \$355,255.

11 **Mark Swartz:** And, Mr. Staten did those, in April. Right?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** There is an escrow requirement, here, with regard to the respondents and the  
14 heirship that we noted?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Is that the only reason for escrow?

17 **Anita Duty:** Yes, it is.

18 **Mark Swartz:** Have you provided an Exhibit...? And, everybody else is going to be on direct  
19 pay, apparently?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And, the last thing is the location exception and a couple of formalities. First of  
22 all, is CNX Gas Company, LLC, a Virginia Limited Liability Partnership?

23 **Anita Duty:** It is.

24 **Mark Swartz:** Limited Liability Company, I should say. Is it authorized to do business in the  
25 Commonwealth?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** Is it registered with the Division of Gas and Oil?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Does it have a blanket bond on file?

3 **Anita Duty:** It does.

4 **Mark Swartz:** Is drilling two frack wells in the location shown in this unit, a reasonable way, in  
5 your opinion, to develop the coalbed methane within the unit?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** If the Board grants this pooling petition and escrows the interest of the heirship,  
8 as delineated in Exhibit B3, and you combine that with the interests that have been acquired or  
9 leased by the operator, is it your opinion that the correlative rights of all owners of the coalbed  
10 methane will be protected?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** That's all I have, Mr. Chairman.

13 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.  
14 Swartz?

15 **Mark Swartz:** No.

16 **Bradley Lambert:** Do I have a motion?

17 **Donnie Rife:** Motion made for approval, Mr. Chair.

18 **Bill Harris:** Second.

19 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
20 response] All in favor signify by saying yes.

21 **Board:** Yes.

22 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That one is approved.

23 **Item Number 7**

24 **Bradley Lambert:** We're calling Docket Item Number 7. A petition from CNX Gas Company,  
25 LLC, for Pooling under Oakwood Coalbed Methane Gas Field I. This is Docket Number  
26 VGOB-17-0620-4126. All parties wishing to testify please come forward.

27 **Mark Swartz:** Mark Swartz and Anita Duty.

28 **Bradley Lambert:** You may proceed, Mr. Swartz.



1 **Mark Swartz:** Anita, would you state your name for us, again?

2 **Anita Duty:** Anita Duty.

3 **Mark Swartz:** Who do you work for?

4 **Anita Duty:** CNX Land, LLC.

5 **Mark Swartz:** Are you here on behalf of the applicant, CNX Gas Company, LLC?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And, this is a pooling application?

8 **Anita Duty:** It is.

9 **Mark Swartz:** Pertaining to Oakwood Unit J33?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And, you're proposing to drill frack wells in that unit?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Have you identified the people, the respondents, that you're seeking to pool, in  
14 the notice, the application, and Exhibit B3?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Do you want to add any respondents to that list, today?

17 **Anita Duty:** No.

18 **Mark Swartz:** Do you want to dismiss any?

19 **Anita Duty:** No.

20 **Mark Swartz:** Actually, this unit includes.... You're seeking permission to drill three wells  
21 within this unit. Correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** But, you're seeking to allocate costs, only with regard to two of them.

24 **Anita Duty:** That's correct.

25 **Mark Swartz:** The reason for the three wells is what?

26 **Anita Duty:** This is within a proposed mine area.

1 **Mark Swartz:** Okay. And, you have long-wall panels. You have a map of that, in the event  
2 that we need it, that shows the location of those panels and the wells?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Look to the plat. Exhibit J, Well 33 is in the north, northwest corner of the  
5 drilling window. Right?

6 **Anita Duty:** Right.

7 **Mark Swartz:** The second well, J33A, is also in the drilling window and is near the southeast  
8 corner of the window?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Then, you have the third well, over to the west, just outside the drilling window,  
11 in the southern portion of the unit. Correct?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Then, have you provided...? They're all frack wells?

14 **Anita Duty:** They are...right now.

15 **Mark Swartz:** Okay. And, they're being drilled to de-gas, in advance of mining?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Then, you have provided an Exhibit B, which lists everyone in the unit.

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And an Exhibit B3, which starts, I think, at Page 11, of the PDF. It identifies the  
20 folks that are being pooled.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** There are how many acres, unleased?

23 **Anita Duty:** 3.56.

24 **Mark Swartz:** What percentage of the entire unit would that be?

25 **Anita Duty:** 4.45.

26 **Mark Swartz:** You've provided well costs for information for the three wells?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** And, the costs are what? Go ahead and do all three.

2 **Anita Duty:** For J33, the estimated cost is \$325,672. J33A, \$316,410. J33B, \$361,769.

3 **Mark Swartz:** Again, Bob Staten did those, in April. Correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Is it your opinion that drilling these three wells will have two beneficial effects.

6 First, it will produce coalbed methane gas, efficiently, from the unit?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And, it will serve to de-gas the P3 seam, in advance of mining?

9 **Anita Duty:** Yes, it will.

10 **Mark Swartz:** And, is it your opinion that, if the Board enters an order pooling the respondents

11 that you've named and the acreage that you've identified, with the interest that CNX has either

12 acquired or leased, that the correlative rights of all owners of the coalbed methane will be

13 protected?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Then, with regard to CNX, CNX is the applicant, but is also seeking to be the

16 operator?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And, it's a Limited-Liability Company, authorized by the Commonwealth?

19 **Anita Duty:** It is.

20 **Mark Swartz:** They are...created by the Commonwealth and authorized to do business in the

21 Commonwealth?

22 **Anita Duty:** They are.

23 **Mark Swartz:** Has CNX registered with the Division of Gas and Oil?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Does it have a blanket bond on file?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** What are the lease terms that CNX has offered to the folks that you've been able

28 to acquire leases from?

1    **Anita Duty:** \$5 per acre, per year, with a 5-year paid-up term and a 1/8 royalty.

2    **Mark Swartz:** I just realized I didn't offer that testimony in the prior application.

3    **Bradley Lambert:** No.

4    **Mark Swartz:** I would like to supplement that, with this.

5    **Bradley Lambert:** Accepted.

6    **Mark Swartz:** And, are you recommending those terms to the Board, for people who might be  
7    deemed to have been released?

8    **Anita Duty:** Yes.

9    **Mark Swartz:** In the event that needs to be done.

10   **Anita Duty:** Yes.

11   **Mark Swartz:** Okay. Since the change in the law, that probably doesn't need to occur, but we  
12   need to put it on there.

13   **Anita Duty:** Yes.

14   **Mark Swartz:** Okay. I think that's all I have, Mr. Chairman.

15   **Bradley Lambert:** Any questions from the Board?

16   **Bill Harris:** Mr. Chairman, let me ask about the third well. There's no AFE. What happens to  
17   the production from that well? Is it co-mingled?

18   **Mark Swartz:** There is an AFE, for that. We provided estimated costs for all three wells.  
19   We're just not trying to collect it. We're not allocating it to somebody who participates.

20   **Bill Harris:** Okay.

21   **Mark Swartz:** Because it's driven by the mining. I think your question really was, "What  
22   happens to the gas that comes out of that well?"

23   **Bill Harris:** Yes.

24   **Mark Swartz:** And, I'll let you answer that, but I think I know the answer.

25   **Anita Duty:** It's treated no different than the others. All the production from those wells, within  
26   that unit, get paid to the owners.

27   **Bill Harris:** Goes to that unit. Okay.

1 **Anita Duty:** Or, allocated along the units, eventually.

2 **Bill Harris:** Because of the panels?

3 **Anita Duty:** Yes, but that's farther down the road.

4 **Bill Harris:** Okay. Thank you.

5 **Mary Quillen:** That is long-wall mining, right?

6 **Anita Duty:** Currently, it's going to be just a frack well.

7 **Mary Quillen:** Oh.

8 **Mark Swartz:** You'll see in the next drilling application, we're sort of experimenting and trying  
9 to make one trip. In the next pooling application, it will be very similar to this. We de-gas frack  
10 wells, but we're also, at the same time, pooling it, going forward. So, long-wall and panels, so  
11 that we don't have to come back to convert the production from frack to panels. You'll see an  
12 example of that. Hopefully, that will go well, but in this one, we didn't. We're going to have to  
13 come back, when it converts from frack to panel.

14 **Bradley Lambert:** So, that's the case, with J33?

15 **Mark Swartz:** With J33

16 **Bradley Lambert:** A frack well that's going to be converted to be in a panel.

17 **Mark Swartz:** Initially, all of the production from the three frack wells will be allocated to the  
18 entire unit. Then, eventually, there will be panel production, that will be allocated on a different  
19 basis. We're going to have to come back.

20 **Mary Quillen:** For each of those three.

21 **Mark Swartz:** Well, when you start allocating production, based on panels, you're not really  
22 allocating it, based on the location of a well. So, that's implied in your question.

23 **Mary Quillen:** A combination of the three? Is that what you're saying?

24 **Mark Swartz:** We're going to be looking for a well that's in a panel, that may not be in this unit,  
25 even.

26 **Mary Quillen:** Say that, again.

27 **Mark Swartz:** This is a map that encompasses.... The green dots are wells. Okay? There are  
28 several units. This is J33. This is K33. The panels are going to run north and south, through  
29 several units.

1 **Mary Quillen:** Right.

2 **Mark Swartz:** So, if you're in a panel, there could be a well in the K-unit that is producing from  
3 that panel, drilled into that panel. People in the J33 Unit will be allocated on an acreage-basis  
4 production from that well. Once you define the panel and you're producing from that panel,  
5 which crosses several unit boundaries, the well producing from that panel has to be located in the  
6 panel. Ultimately, it may not be in the J33 Unit. It might be in another unit. So, when you ask a  
7 question about these wells as producing panel gas, I'm reluctant to agree that that's going to  
8 involve these actual wells. Is this helping?

9 **Mary Quillen:** The panels are what makes the difference.

10 **Mark Swartz:** Correct.

11 **Anita Duty:** Once we pay panel production, it's going to be a combination of, it could be J33,  
12 K33, L33. It could be all of the wells. All the production within that panel gets allocated across  
13 all units. So, it's a little bit different, but it's still the production from those wells get paid to the  
14 appropriate owners.

15 **Mary Quillen:** Okay.

16 **Anita Duty:** They will still share. It will just be a different type.

17 **Mary Quillen:** That was just my.... How are these people going to get paid?

18 **Mark Swartz:** The other thing that can happen...and I don't mean to...but, I need to tell you.  
19 Sometimes, there are multiple wells in a unit. One of those wells would continue to produce, as  
20 a frack well.

21 **Mary Quillen:** Right.

22 **Mark Swartz:** But would be paid in the entire unit, based on that frack well. And, some people  
23 will get that payment, plus a panel payment, maybe plus a long-hole payment. So, trying to  
24 account for all of the production and get it back to the people that it came from. So, you could  
25 have multiple methodologies. You could receive a frack payment. You could receive a piece of  
26 a long-hall, or receive a piece of several panels.

27 **Mary Quillen:** Okay.

28 **Bradley Lambert:** It would have been helpful, I guess, for the Board members.... I understand  
29 it. I know mining, been around it, but for the Board members, if we would have had a map  
30 included with the exhibit, as an exhibit.

31 **Donnie Rife:** We're talking here, not twelve feet away.

1 **Anita Duty:** In the future, we'll do that. All this is just proposed, right now. That's, kind of,  
2 why we didn't want.... We can say, "Put that on there."

3 **Bradley Lambert:** We see it all the time with other cases, a proposed mining unit. That would  
4 be helpful, just to explain it to the Board members.

5 **Anita Duty:** Okay.

6 **Mark Swartz:** We're, basically, working off of mine plans, at the moment.

7 **Mary Quillen:** Right.

8 **Anita Duty:** We can do that, going forward.

9 **Mark Swartz:** Actually, why don't we just pass this around. If you want to make an exhibit...

10 **Bradley Lambert:** No, that's okay. From this point forward, we can do that.

11 **Mark Swartz:** Unless there are any other questions, that's all I have.

12 **Bradley Lambert:** Any questions from the Board? Any other questions? [No response]  
13 Anything further, Mr. Swartz?

14 **Mark Swartz:** No.

15 **Bradley Lambert:** Do I have a motion?

16 **Donnie Rife:** Since you all have made that clear as mud, I make a motion to approve.

17 **Mark Swartz:** Awesome.

18 **Bill Harris:** I'll second that.

19 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
20 response] All in favor signify by saying yes.

21 **Board:** Yes.

22 **Bradley Lambert:** Opposed no. [No response]

23 **Item Number 8**

24 **Bradley Lambert:** We're calling Docket Item Number 8. A petition from CNX Gas Company,  
25 LLC, for Pooling under Oakwood Coalbed Methane Gas Field I. Docket Number VGOB-17-  
26 0620-4127. All parties wishing to testify please come forward.

27 **Mark Swartz:** Mark Swartz and Anita Duty.

1 **Bradley Lambert:** You may proceed, Mr. Swartz.

2 **Mark Swartz:** I was just confirming, with Anita. If you think the last one was confusing, this  
3 will make it way worse. This is an experiment. We're trying to make one trip, on this, so we can  
4 come to you for the frack well, the long hall and the panel, on one trip. So, that's what this is  
5 going to involve. We'll see how it goes. Going back to the beginning, here. State your name for  
6 us, please.

7 **Anita Duty:** Anita Duty.

8 **Mark Swartz:** Who do you work for?

9 **Anita Duty:** CNX Land, LLC.

10 **Mark Swartz:** Are you here on behalf of the applicant, CNX Gas Company, LLC?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** The applicant here is also proposing to be the operator. Correct?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** In that regard, is CNX Gas Company, LLC, a Virginia Limited Liability  
15 Company?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Authorized to do business in the State?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Has it registered with the DGO?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** Does it have a blanket bond on file?

22 **Anita Duty:** It does.

23 **Mark Swartz:** Okay. And, this is a pooling application. Correct?

24 **Anita Duty:** It is.

25 **Mark Swartz:** And, it pertains to an Oakwood Unit?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** Which one?



1 **Anita Duty:** R48.

2 **Mark Swartz:** It's quite a list, here, but have you identified the people that you're seeking to  
3 pool, as respondents?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And, you've done that in the notice, the application, and, also, Exhibit B3?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Do you want to add anybody to the list?

8 **Anita Duty:** No.

9 **Mark Swartz:** Do you want to dismiss anyone?

10 **Anita Duty:** We need to dismiss Willard McNeil. We've already loaded those revised exhibits  
11 to e-forms.

12 **Mark Swartz:** Because, why?

13 **Anita Duty:** He has leased, since our pooling application was filed.

14 **Mark Swartz:** So, you loaded, probably, an Exhibit B2, I'm thinking.

15 **Anita Duty:** A B2 and a B3.

16 **Mark Swartz:** Okay. So, you revised the B3, as well. Is he the only dismissal, then, because of  
17 the lease?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Okay. And, you're proposing, here, I think, two frack wells, initially?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** We'll come back to that, but have you provided cost estimates for those wells?

22 **Anita Duty:** We have.

23 **Mark Swartz:** What did you do to tell people we were going to have a hearing, today, on this  
24 unit?

25 **Anita Duty:** We mailed by certified mail, return receipt requested on May 10, 2017. Published  
26 in the Bluefield Daily Telegraph on May 15, 2017.

1 **Mark Swartz:** Have you loaded the certificates, with regard to mailing and publication, on e-  
2 forms?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Then, with regard to the plat, here, both of the proposed wells are outside of the  
5 drilling window?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** They're both toward the western portion of the unit. One is, sort of, in the  
8 northwest corner and one is, sort of, in the northeast corner. Correct?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Have these been located, in relation to mine plans?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Which mine?

13 **Anita Duty:** Buchanan.

14 **Mark Swartz:** Is this de-gas of a long-wall panel? Is that the issue, here?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Or, several long-wall panels. Correct?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay. You provided us with Exhibit B, which would list everyone in the unit  
19 that has an interest in the gas. Correct?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** Then, you provided us with an Exhibit B3. Let me try to find the start page, of  
22 that. B3 looks like it starts at PDF Page 27. If we look at the top of B3, you've got, obviously,  
23 out to the left-hand side, you're listing people. Correct?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And estates. For the various entries, there, you have a first column called after  
26 the names. You have a first column, net acres in unit. Right?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** That would be the acreage that the particular estate, or person, owns in the 80-  
2 acre unit. Right?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Then, there's an interest in unit column. Correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** If we're just staying with the James D. and Margaret McNeil heirs, devisees,  
7 successors, or assignees, collectively, they have 63.77 acres?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Their percentage of the unit would be?

10 **Anita Duty:** 79.7125.

11 **Mark Swartz:** After that, we've got a long-hole, number 8, entry and a percentage. We've got  
12 an interest in 28 right, which is a proposed long-wall panel. Right?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And, an interest in 29 right?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** So, in the beginning, when this unit starts, just taking the James O. and Margaret  
17 McNeil heirs, collectively. They would have a 79.7125% interest in the production from the  
18 frack wells?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** The long-hole is a completely separate source of gas.

21 **Anita Duty:** It's an addition.

22 **Mark Swartz:** Okay. But, it's not going to be produced out of the frack well holes?

23 **Anita Duty:** No.

24 **Mark Swartz:** Okay. And, that is a hole that is allocated based on feet in panels and units?

25 **Anita Duty:** It is.

26 **Mark Swartz:** So, the percentage, there, under long-hole number 8 entry, you have 86.4761%,  
27 is the allocation based on the length of the hole, that is to be applied to the total production from  
28 the hole and attributed to this unit?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Okay. Then, the piece of that production, that the James O. and Margaret  
3 McNeil heirs would share, is the .68932261% of the revenue?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Then, we've got a similar calculation for once the long-wall panels are isolated?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** It looks like there are going to be two long-wall panels projected to go through  
8 this unit?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** We've identified them, by name, 29-right and 28-right. Correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** For each, you have stated a percentage, again. Would that be the percent of the  
13 acres in the panel, in R48?

14 **Anita Duty:** It is.

15 **Mark Swartz:** Then, below that, there would be the division of interest of, again, taking as an  
16 example, the James O. and Margaret McNeil heirs, and their division interest in 28-right, is  
17 .14022066?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And, in 29-right, there's a percentage, as well?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And, for page after page of people in Exhibit B3, you've reported those  
22 interests?

23 **Anita Duty:** We have.

24 **Mark Swartz:** Okay. Then, if we continue on, you have provided us with the two cost  
25 estimates for the two frack wells that we're starting off with. Right?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And, what are those estimates?

28 **Anita Duty:** For R48, it's \$329,739. For R48B, \$330,617.

1 **Mark Swartz:** Those would be combined and, if you participated, that would be the number  
2 you start with, in the allocation process?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Then, you have provided us with an Exhibit E, pertaining to escrow?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And, that begins, I think, at Page 47 of the PDF.

7 **Anita Duty:** Yes.

8 **Mark Swartz:** And, the reasons for escrow are?

9 **Anita Duty:** We have some documentation still pending, within the heirship.

10 **Mark Swartz:** So, it's, essentially, an heirship issue?

11 **Anita Duty:** It is.

12 **Mark Swartz:** If and when that gets resolved...

13 **Anita Duty:** Then, we can pay those people.

14 **Mark Swartz:** At least, for right now, there is an escrow requirement, based on escrow issues,  
15 or on heirship issues.

16 **Anita Duty:** Yes.

17 **Mark Swartz:** You don't need an Exhibit EE because everybody who's not on Exhibit E is  
18 going to be paid?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** I think you provided evidence that you requested a location exception from Mr.  
21 Cooper. Correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** To the extent that anybody is deemed to have been leased, are you offering the  
24 same terms that you've discussed, with regard to the prior unit?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Which are?

27 **Anita Duty:** \$5 per acre, per year, 5-year paid-up term and a 1/8 royalty.

1 **Mark Swartz:** Is it your opinion that this combination of production methods is a reasonable  
2 way to produce coalbed methane from this unit and to allocate it to the owners?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Is it your opinion that, if the Board pools this unit and pools the respondents  
5 named in Exhibit B3 and combines their interest with the interest the operators either acquired or  
6 leased, that the correlative rights of all owners of the coalbed methane will be protected?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** That's all I have, Mr. Chairman.

9 **Bradley Lambert:** Any questions from the Board? [No response] Must not have been too  
10 complicated.

11 **Mark Swartz:** I don't know. Or, everybody's just like, "Oh, my." But, we phased that, too. If  
12 it works, if this is okay, we've made one trip. We used to always come back several times.

13 **Bradley Lambert:** Okay. Anything further?

14 **Mark Swartz:** No.

15 **Bradley Lambert:** Do I have a motion?

16 **Donnie Rife:** Motion made for approval, Mr. Chair.

17 **Bill Harris:** Second.

18 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All in  
19 favor signify by saying yes.

20 **Board:** Yes.

21 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz.

22 **Mark Swartz:** Thank you.

23 **Bradley Lambert:** You all have a nice day. We're going to take a ten-minute break. We'll be  
24 back at 15 after.

25 **Item Number 9**

26 **Bradley Lambert:** Ladies and gentlemen, if you will please take your seats, we'll resume our  
27 proceedings, this morning. We're calling Docket Item Number 9. A petition from EnerVest  
28 Operating, LLC, to disburse funds from the escrow account for Unit V-825524, to all known

1 owners in Tract 4. Docket Number VGOB-06-0516-1641-01. All parties wishing to testify  
2 please come forward.

3 **Tim Scott:** Tim Scott, Chuck Akers, for EnerVest Operating.

4 **Bradley Lambert:** Good morning.

5 **Sarah Gilmer:** Mr. Akers, do you swear and affirm that your testimony is the truth, the whole  
6 truth and nothing but the truth?

7 **Charles Akers:** I do.

8 **Bradley Lambert:** You may proceed, Mr. Scott.

9 **Tim Scott:** Mr. Akers, please state your name, by whom you are employed and your job  
10 description, please.

11 **Charles Akers:** My name is Charles Akers. I am employed with EnerVest Operating, in  
12 Abingdon, Virginia.

13 **Tim Scott:** And, you are familiar with this disbursement request. Is that correct?

14 **Charles Akers:** Yes.

15 **Tim Scott:** What's the basis for this request?

16 **Charles Akers:** We need to disburse some monies in escrow. The owner has come forward to  
17 provide his address and the ownership information.

18 **Tim Scott:** Okay. And, that's been verified. Is that correct?

19 **Charles Akers:** That's correct.

20 **Tim Scott:** Once those disbursements are made and this request is approved, will this escrow  
21 account be closed for this unit?

22 **Charles Akers:** No, it will not. There are still people that are.... There's unknown owners and  
23 unlocatables.

24 **Tim Scott:** Okay. Which tract are we talking about, here?

25 **Charles Akers:** Tract 4.

26 **Tim Scott:** And, you've looked at the figures from the Escrow Agent. Is that right?

27 **Charles Akers:** That is correct.

28 **Tim Scott:** How do those reconcile with EnerVest's figures?

1 **Charles Akers:** There is a positive of \$2,428.32 in the escrow account.

2 **Tim Scott:** What's the reason for that, Mr. Akers?

3 **Charles Akers:** The reason for this discrepancy is an accounting issue. The prior operator,  
4 Chesapeake, did not supply us with the production and payment information, to reconcile that.

5 **Tim Scott:** So, you start with what date, as far as your deposits?

6 **Charles Akers:** We've monitored it, since 1/31/11.

7 **Tim Scott:** Okay. So, anything prior to that, would be the result of this additional overage. Is  
8 that correct?

9 **Charles Akers:** That is correct.

10 **Tim Scott:** Okay. What's the date of the reconciliation, for you all?

11 **Charles Akers:** The final date is 3/31/17.

12 **Tim Scott:** So, from this point on, the parties listed, who are shown in Tract 4, will be paid  
13 directly. Is that right?

14 **Charles Akers:** That is correct.

15 **Tim Scott:** And, also receive the funds in escrow?

16 **Charles Akers:** That is correct.

17 **Tim Scott:** That's what I have for Mr. Akers.

18 **Bradley Lambert:** Any questions from the Board?

19 **Bill Harris:** Let me just comment, Mr. Chairman. That's a lot of excess amount, I guess. It's  
20 quite substantial, compared to the bank balance, I guess, is what I'm saying. So, is that just left  
21 there? What happens to that additional amount?

22 **Charles Akers:** The additional amount would be disbursed.

23 **Bill Harris:** The assumption is that that is properly placed, just that the records aren't available.

24 **Charles Akers:** We're going by the ownership percentage in the unit.

25 **Bill Harris:** Okay.

26 **Tim Scott:** You have requested additional information from Chesapeake. Is that right?



1 **Charles Akers:** That is correct. We requested the information, but we haven't received it, as of  
2 date, or any further correspondence, whether they were going to provide it to us, or not.

3 **Bill Harris:** Okay.

4 **Bradley Lambert:** So, Mr. Akers, when was the well drilled?

5 **Charles Akers:** The plat is 1/18/07. I'm not sure what the drill date....

6 **Bradley Lambert:** So, you're going just by the plat date, on the date the well was drilled?

7 **Charles Akers:** That's what I'm going by, here. I don't have it in my records, with me, when the  
8 actual well was done.

9 **Bradley Lambert:** Okay. And, if that's not the correct date, that's four years you don't have  
10 records for. You don't have production data. You don't have anything for it?

11 **Donnie Rife:** For four years?

12 **Charles Akers:** We could get the State records. We didn't reconcile it that way. We just  
13 requested the payment history from Chesapeake.

14 **Bradley Lambert:** Just a suggestion from the Board, that's something you probably want to do  
15 is go back and get State production records and calculate how much should be there. Maybe it's  
16 more than \$2,000. I don't know.

17 **Donnie Rife:** That's something they should have done four years ago.

18 **Bradley Lambert:** They inherited it from Chesapeake.

19 **Tim Scott:** I think, Mr. Chairman, if that's the case, and we do find that the payment records are  
20 not accurate, we'll come back and that will be reconciled, as to the additional disbursements to be  
21 made. As it stands now, this is a classic GeoMet situation, as well, where Atlas picked up those  
22 figures and GeoMet couldn't provide the historical data of those payments. So, based on what's  
23 there and what they've allocated it to, we assume it's correct, unless those figures show that  
24 they're incorrect. Then, we'll address that issue.

25 **Bradley Lambert:** Okay.

26 **Rick Cooper:** Mr. Chairman, to answer your question, the well has been producing for ten  
27 years.

28 **Bradley Lambert:** The well is producing for ten?

29 **Rick Cooper:** That's correct.

1 **Donnie Rife:** But, this is, basically, an inherited.... You guys are forgiven, but somebody  
2 should have been slapped, a long time ago.

3 **Rick Cooper:** Just a second, here. We've got a discrepancy, here. Let's make sure.  
4 Enforcement says it's been producing since '07. Could you check the production record on that  
5 and see if it goes back? Give us just a second.

6 **Charles Akers:** We could do that and come up with an estimate, as far as the gas sold and  
7 marketed. That's the other part of the puzzle we would need from Chesapeake to nail down,  
8 exactly.

9 **Bradley Boyd:** Here, on our State Production records, we're showing production began January  
10 2007.

11 **Bradley Lambert:** Okay. So, that would be the thing, just to check production records and  
12 calculate it.

13 **Tim Scott:** Mr. Chairman, I think, too, I know that's a substantial amount of money, that shows  
14 as what's on deposit, but also remember that, at the time, in '07 and '08, what the cost of gas was,  
15 at that point. So, as it began to decline, then you can see those deposits. So, I don't think it  
16 would be unusual to see that amount in escrow, based on what the MCF values were.

17 **Mary Quillen:** That's true.

18 **Bradley Lambert:** That could be correct. It could be over. It could be under, but if we just  
19 take a quick look at production history and back-calculate, we can get in the ballpark, probably.

20 **Tim Scott:** Okay. Yes, sir. Thank you.

21 **Bill Harris:** Let me ask one last question. I know we did this last month, about how we are  
22 showing excess. I notice that the differences in red.

23 **Charles Akers:** I think the convention we were using.... I know that one is highlighted in red,  
24 but we were going to highlight the whole block. I thought that was...

25 **Bill Harris:** I guess I'm saying, so if EnerVest shows more than the bank, what did we decide?  
26 That was going to be in parenthesis, or that was going to be in...? I can't remember our  
27 discussion from last month, but I remember we were trying to make it consistent.

28 **Rick Cooper:** From what I recall, the discussion was, if there's a negative balance from the  
29 bank, it being red, in parenthesis.

30 **Bill Harris:** See, when you say a negative balance from the bank, I'm thinking, okay, what does  
31 that mean?

32 **Paul Kugelman:** The bank has less than what the operator's showing.

1 **Bill Harris:** So, if the operator shows \$100 and the bank shows \$80, then that's going to be a  
2 minus 20. Okay.

3 **Charles Akers:** Correct.

4 **Bill Harris:** Okay. So, ignore the red, then, in this?

5 **Charles Akers:** For this purpose, it was just to highlight that we didn't have the past production  
6 information. We just wanted to bring that to note.

7 **Bill Harris:** Okay.

8 **Tim Scott:** Just to alert you to that, Mr. Harris.

9 **Bill Harris:** Okay. Thank you. Sorry to keep bringing that up, but I get...

10 **Bradley Lambert:** Mr. Akers, can we ask that you appear back before the Board, in August, to  
11 report back on your findings, on this? The last five years of production?

12 **Charles Akers:** Yes.

13 **Bradley Lambert:** Is August okay?

14 **Charles Akers:** That's perfect.

15 **Bradley Lambert:** Okay. Thank you. Any other questions from the Board? [No response]  
16 Anything further, Mr. Scott?

17 **Tim Scott:** That's all I have, Mr. Chairman.

18 **Bradley Lambert:** Do I have a motion?

19 **Donnie Rife:** Do we need a motion, since they're coming back?

20 **Bradley Lambert:** We need a motion to approve this petition, but he's going to come back with  
21 a reconciliation of what they found in that seven years.

22 **Donnie Rife:** Okay. Motion made for approval, Mr. Chair.

23 **Bill Harris:** I'll second that.

24 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
25 response] All in favor signify by saying yes.

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That is approved.

1 **Tim Scott:** Thank you, Mr. Chairman.

2 **Item Number 10**

3 **Bradley Lambert:** We're calling Docket Item Number 10. A petition from EnerVest  
4 Operating, LLC, for a Well Location Exception for Unit V-550512. This is Docket Number  
5 VGOB-17-0620-4128. All parties wishing to testify please come forward.

6 **Tim Scott:** Tim Scott, Chuck Akers and Aaron Anderson, for EnerVest Operating.

7 **Bradley Lambert:** You may proceed, Mr. Scott.

8 **Sarah Gilmer:** Mr. Anderson, do you swear and affirm that your testimony is the truth, the  
9 whole truth and nothing but the truth?

10 **Aaron Anderson:** I do.

11 **Bradley Lambert:** You may proceed, Mr. Scott.

12 **Tim Scott:** Mr. Anderson, please state your name, by whom you are employed and your job  
13 description.

14 **Aaron Anderson:** I'm Aaron Anderson, employed by EnerVest Operating, LLC. I'm Associate  
15 Landman.

16 **Tim Scott:** And, you're familiar with this application. Is that correct?

17 **Aaron Anderson:** That's correct.

18 **Tim Scott:** And, we have set out ownership of the minerals on Exhibit B to this application. Is  
19 that correct?

20 **Aaron Anderson:** That's correct.

21 **Tim Scott:** And, that is the ownership of the minerals. Is that right?

22 **Aaron Anderson:** Yes.

23 **Tim Scott:** Can you tell us who operates the wells, for which this well location is requested?

24 **Aaron Anderson:** EnerVest Operating, LLC.

25 **Tim Scott:** In this particular case, EnerVest is both an owner and an operator. Is that also  
26 correct?

27 **Aaron Anderson:** That is correct.

1 **Tim Scott:** How was notice of this hearing provided to the parties listed on Exhibit B?

2 **Aaron Anderson:** By certified mail.

3 **Tim Scott:** Now, Mr. Chairman, we're going to go off of the rote for a second. We've had an  
4 issue with one of the parties, respondent. Not that they've objected. It's just the fact that the  
5 certified mailing is now showing on the United States Postal Service's website as, "In transit." I  
6 would like to alert the Board to the fact that this particular respondent is under lease to EnerVest  
7 in the forced pooling application that's going to be heard by the Board, today. As of yesterday,  
8 we got six more green cards in, on one of the later applications that we filed. It's a nightmare,  
9 dealing with the Postal Service.

10 **Paul Kugelman:** I know it's the same unit, for both of those.

11 **Tim Scott:** Yes, it's the same address.

12 **Paul Kugelman:** It's the same address? Okay. I just wanted to make sure, for the record, that  
13 we nailed that down.

14 **Tim Scott:** Since he's leased, we didn't notify him because he's not a B3 respondent.

15 **Bradley Lambert:** He is a leased party?

16 **Tim Scott:** Yes, sir. He is.

17 **Bradley Lambert:** Okay. I don't think we have an issue, there.

18 **Tim Scott:** That's all I have for Mr. Anderson.

19 **Bradley Lambert:** Any questions from the Board? [No response] You may continue, Mr.  
20 Scott.

21 **Tim Scott:** Thank you. Mr. Akers, would you please state your name, by whom you are  
22 employed and your job description, please?

23 **Charles Akers:** Yes. My name is Charles Akers. I'm a Land Manager, with EnerVest  
24 Operating, in Abingdon, Virginia.

25 **Tim Scott:** And, you did participate in the preparation of this application. Is that right?

26 **Charles Akers:** Yes, that is correct.

27 **Tim Scott:** Would you please tell the Board why we are seeking a Well Location Exception,  
28 today?

1 **Charles Akers:** We're seeking a Well Location Exception due to terrain and we're wanting to  
2 maximize our development in this particular area, with our other conventional production. Also,  
3 at the very end, it will protect the correlative rights of the owners, in the area.

4 **Tim Scott:** Now, that Exhibit K, that was provided, shows the location and its relation to the  
5 wells, from which the Well Location Exception is requested. Is that right?

6 **Charles Akers:** That is correct.

7 **Tim Scott:** In the event that we are not able to drill this well and the application isn't approved,  
8 today, how much acreage would be stranded?

9 **Charles Akers:** We're calculating 98.62 acres that will be left, stranded and undeveloped.

10 **Tim Scott:** What's the proposed depth of this well?

11 **Charles Akers:** I wanted to bring note, to the Board that we had it shown as 5,434 feet, on this  
12 particular application, but it's actually 4,602 TBD, which would also match the pooling  
13 application that we have, coming up later to be heard by the Board.

14 **Tim Scott:** Would you explain to the Board why that's been pulled back?

15 **Charles Akers:** Recently, it's just we've shortened the depth of some of our wells, due to  
16 pricing, just to be more economic and cost-effective.

17 **Tim Scott:** But, that is the correct target depth. Is that right?

18 **Charles Akers:** That is the correct target depth.

19 **Tim Scott:** Okay. If the application isn't granted, today, what's the potential loss of reserves?

20 **Charles Akers:** 400 mcf, 450 mcf.

21 **Tim Scott:** You, previously, testified that the application, if approved, will protect correlative  
22 rights. Would it also prevent waste and promote conservation?

23 **Charles Akers:** That is correct. That's the intent of our application.

24 **Tim Scott:** That's all I have for Mr. Akers.

25 **Bradley Lambert:** Any questions from the Board?

26 **Bill Harris:** Let me just ask a quick question, just out of curiosity, because I'm just unaware of a  
27 lot of the things that happen. When you don't drill as deep as you initially proposed.... I'm not  
28 questioning that, but I'm saying when that actually happens, are you just excluding some  
29 potential gas pocket? But, it costs more to get there. So, what do you do? You have to weigh  
30 the return versus the investment. Is that...?

1 **Charles Akers:** Correct. It's a cost benefit analysis that is, generally, set by what our current  
2 price indexes are, that's supplied to us by our corporate.

3 **Bill Harris:** So, you drill X-deep and there are just some that are not...

4 **Charles Akers:** It's, mostly, casing and, then, the completion costs that drive that kind of  
5 equation of what our benefit return is.

6 **Bill Harris:** I was just curious.

7 **Mary Quillen:** Does this effect the horizon where you're drilling, in this case?

8 **Charles Akers:** No. There would be some areas that we wouldn't stimulate, due to the depth  
9 we wouldn't complete, that would be left out.

10 **Bradley Lambert:** Any other questions from the Board? [No response] Anything further, Mr.  
11 Scott?

12 **Tim Scott:** That's all I have, Mr. Chairman.

13 **Bradley Lambert:** Do I have a motion?

14 **Rick Cooper:** I have a question, if I could? Have you revised those exhibits, to reflect those  
15 differences that you are talking about?

16 **Tim Scott:** We're going to.

17 **Rick Cooper:** I would request you have those in, if you could, just revise those, by Friday,  
18 would be the thing.

19 **Tim Scott:** Because the ownership shows the 5,343 and we'll change that.

20 **Rick Cooper:** Thank you.

21 **Tim Scott:** We'll get that uploaded today.

22 **Charles Akers:** The AFE that our engineers put together shows that revised depth. We were  
23 just wanting to match that on the pooling application.

24 **Bradley Lambert:** Do I have a motion, reflecting submittal of revised exhibits?

25 **Donnie Rife:** Motion made, Mr. Chairman.

26 **Bill Harris:** Second.

27 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
28 response] All in favor signify by saying yes.

1 **Board:** Yes.

2 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That one is approved.

3 **Tim Scott:** Thank you, Mr. Chairman.

4 **Item Number 11**

5 **Bradley Lambert:** We're calling Docket Item Number 11. A petition from EnerVest  
6 Operating, LLC, for a Well Location Exception for Unit V-530341. This is Docket Number  
7 VGOB-17-0620-4129. All parties wishing to testify please come forward.

8 **Tim Scott:** Tim Scott, Chuck Akers and Aaron Anderson, for EnerVest Operating.

9 **Bradley Lambert:** You may proceed, Mr. Scott.

10 **Tim Scott:** Mr. Anderson, again, your name, by whom you're employed and your job  
11 description.

12 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as an  
13 Associate Landman.

14 **Tim Scott:** And, you're familiar with this application. Is that correct?

15 **Aaron Anderson:** That's correct.

16 **Tim Scott:** And, you did participate in the preparation of the application. Is that also correct?

17 **Aaron Anderson:** Yes.

18 **Tim Scott:** And, you're familiar with the ownership of the minerals, underlying this unit?

19 **Aaron Anderson:** Yes.

20 **Tim Scott:** And, are those owners set out on Exhibit B to the application?

21 **Aaron Anderson:** They are.

22 **Tim Scott:** Who operates the well, from which this Well Location Exception is requested?

23 **Aaron Anderson:** EnerVest Operating, LLC.

24 **Tim Scott:** So, again, EnerVest is both an owner and an operator, in this particular unit. Is that  
25 right?

26 **Aaron Anderson:** That's correct.



1 **Tim Scott:** And, we've provided notice to the parties listed on Exhibit B. Is that correct?

2 **Aaron Anderson:** That's correct.

3 **Tim Scott:** And, that was done how?

4 **Aaron Anderson:** By certified mail.

5 **Tim Scott:** And, we've provided proof of mailing to the Board. Is that right?

6 **Aaron Anderson:** That's correct.

7 **Tim Scott:** That's all I have for Mr. Anderson.

8 **Bradley Lambert:** Mr. Anderson, does EnerVest own the adjacent wells?

9 **Aaron Anderson:** Yes.

10 **Bradley Lambert:** Any other questions from the Board? [No response] You may continue, Mr.

11 Scott.

12 **Tim Scott:** Thank you. Mr. Akers, your name, again, by whom you are employed and your job

13 description.

14 **Charles Akers:** My name is Charles Thomas Akers. I'm employed by EnerVest Operating, in

15 Abingdon, Virginia. My title is Land Manager.

16 **Tim Scott:** You helped in the preparation of this application. Is that right?

17 **Charles Akers:** That's correct.

18 **Tim Scott:** Would you please explain to the Board why we're seeking a Well Location

19 Exception, today?

20 **Charles Akers:** We're seeking this exception, due to the limited terrain in the area, again, to not

21 strand acreage. We want to maximize our development. Then, also, to protect off-setting

22 correlative rights.

23 **Tim Scott:** Okay. Is that location shown on Exhibit K, to the application?

24 **Charles Akers:** That is correct.

25 **Tim Scott:** Okay. So, what would be the acreage that would be stranded?

26 **Charles Akers:** We're calculating that acreage that would be stranded at 111.31 acres.

27 **Tim Scott:** So, it's just off the mark, isn't it?

1 **Charles Akers:** Correct.

2 **Tim Scott:** What's the proposed depth of this well?

3 **Charles Akers:** Proposed depth is a depth of 6,335 feet.

4 **Tim Scott:** Okay. What would be the potential loss of reserves, if the application is not granted,  
5 today?

6 **Charles Akers:** Potential loss would be 450 mcf.

7 **Tim Scott:** Again, you testified that the nature of the application is to protect the correlative  
8 rights, but also, it would prevent waste and promote conservation.

9 **Charles Akers:** That is correct. That is our intent.

10 **Tim Scott:** That's all I have for Mr. Akers.

11 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

12 **Tim Scott:** That's all I have on this one, Mr. Chairman.

13 **Bradley Lambert:** Do I have a motion?

14 **Donnie Rife:** Motion made for approval, Mr. Chair.

15 **Bill Harris:** Second.

16 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
17 response] All in favor signify by saying yes.

18 **Board:** Yes.

19 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That one is approved.

20 **Item Number 12**

21 **Bradley Lambert:** We're calling Docket Item Number 12. A petition from EnerVest  
22 Operating, LLC, for a Well Location Exception for Unit V-530405. Docket Number VGOB-17-  
23 0620-4130. All parties wishing to testify please come forward.

24 **Tim Scott:** Again, Tim Scott, Chuck Akers, and Aaron Anderson for EnerVest Operating.

25 **Bradley Lambert:** You may proceed, Mr. Scott.

26 **Tim Scott:** Thank you. Mr. Anderson, your name, by whom you are employed, and your job  
27 description, again, please.

1 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as an  
2 Associate Land Man.

3 **Tim Scott:** And, you're familiar with this application. Is that correct?

4 **Aaron Anderson:** That's correct.

5 **Tim Scott:** Are you familiar with the ownership of the minerals, underlying this unit?

6 **Aaron Anderson:** Yes.

7 **Tim Scott:** Are those owners set out in Exhibit B?

8 **Aaron Anderson:** Yes.

9 **Tim Scott:** We're requesting this Well Location Exception from two wells. Who operates those  
10 wells?

11 **Aaron Anderson:** EnerVest Operating, LLC.

12 **Tim Scott:** Again, as was the case for the last two, EnerVest is both an owner and an operator.  
13 Is that correct?

14 **Aaron Anderson:** That's correct.

15 **Tim Scott:** Now, we provided notice of this hearing to the parties listed on Exhibit B. Is that  
16 right?

17 **Aaron Anderson:** That's correct.

18 **Tim Scott:** How was that done?

19 **Aaron Anderson:** By certified mail.

20 **Tim Scott:** And, have we provided the proof of mailing to the Board?

21 **Aaron Anderson:** Yes.

22 **Tim Scott:** That's all I have for Mr. Anderson.

23 **Bradley Lambert:** Any questions from the Board? [No response] You may continue.

24 **Tim Scott:** Mr. Akers, your name, by whom you are employed, and your job description,  
25 please.

26 **Charles Akers:** My name is Charles T. Akers. I'm employed by EnerVest Operating. My job  
27 description is Land Manager.

1 **Tim Scott:** And, you helped in preparing this application. Is that right?

2 **Charles Akers:** That is correct, yes.

3 **Tim Scott:** Would you please explain to the Board why we're seeking this Well Location  
4 Exception?

5 **Charles Akers:** Again, we're requesting this exception, due to terrain and to maximize our  
6 development and to, also, not strand reserves and to protect correlative rights.

7 **Tim Scott:** What acreage would be stranded, if this application is not approved, today?

8 **Charles Akers:** We've, currently, calculated 101.33 acres that would be left, undeveloped.

9 **Tim Scott:** Okay. What's the proposed depth of this well?

10 **Charles Akers:** 6,256 feet.

11 **Tim Scott:** What would be the potential loss of reserves, if the application were not granted,  
12 today?

13 **Charles Akers:** 525 mcf.

14 **Tim Scott:** And, you testified that your goal was to protect correlative rights. Is that right?

15 **Charles Akers:** That is correct.

16 **Tim Scott:** Also, would it be to prevent waste and promote conservation?

17 **Charles Akers:** That is also correct.

18 **Tim Scott:** That's all I have for Mr. Akers.

19 **Bradley Lambert:** Any questions from the Board? [No response] Anything further?

20 **Tim Scott:** That's all I have, Mr. Chairman.

21 **Bradley Lambert:** Do I have a motion?

22 **Donnie Rife:** Motion made, Mr. Chairman.

23 **Bill Harris:** I'll second that, for approval.

24 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
25 response] All in favor signify by saying yes.

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That one is approved.

1 **Tim Scott:** Thank you.

2 **Item Number 13**

3 **Bradley Lambert:** We're calling Docket Item Number 13. A petition from EnerVest  
4 Operating, LLC, for pooling of Well No. V-530399. Docket Number VGOB-17-0620-4131. All  
5 parties wishing to testify please come forward.

6 **Tim Scott:** Tim Scott, Chuck Akers, and Aaron Anderson, for EnerVest Operating.

7 **Bradley Lambert:** You may proceed, Mr. Scott.

8 **Tim Scott:** Thank you. Mr. Anderson, again, your name, by whom you're employed, and your  
9 job description.

10 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as an  
11 Associate Land Man.

12 **Tim Scott:** So, in this particular case, we're not only seeking to pool; we're seeking to establish  
13 a unit. Is that right?

14 **Aaron Anderson:** That's correct.

15 **Tim Scott:** How many acres is this unit going to contain?

16 **Aaron Anderson:** 112.69.

17 **Tim Scott:** And, EnerVest has a substantial portion of this proposed unit, under lease. Correct?

18 **Aaron Anderson:** That's correct.

19 **Tim Scott:** Are we going to dismiss any parties, respondent, listed on Exhibit B3, today?

20 **Aaron Anderson:** No, sir.

21 **Tim Scott:** Have you attempted to reach an agreement with those parties listed on Exhibit B3?

22 **Aaron Anderson:** We have.

23 **Tim Scott:** What percentage of the unit does EnerVest have under lease, presently?

24 **Aaron Anderson:** 68.15%.

25 **Tim Scott:** And, we provided notice of this hearing to the parties listed on Exhibit B3. Is that  
26 right?

27 **Aaron Anderson:** That's correct.

1    **Tim Scott:** How was that done?

2    **Aaron Anderson:** By certified mail.

3    **Tim Scott:** And, have you provided proof of this mailing, to the Board?

4    **Aaron Anderson:** We have.

5    **Tim Scott:** Are there any unknown or unlocatable parties, respondent?

6    **Aaron Anderson:** No, sir.

7    **Tim Scott:** EnerVest is authorized to conduct business in the Commonwealth. Is that right?

8    **Aaron Anderson:** That's correct.

9    **Tim Scott:** And, there is a blanket bond on file?

10   **Aaron Anderson:** Yes.

11   **Tim Scott:** Now, if you were able to reach an agreement with the parties listed on Exhibit B3,  
12   what lease terms would you offer?

13   **Aaron Anderson:** \$25 per acre, for a 5-year paid up lease, with a 1/8 royalty.

14   **Tim Scott:** And, do you consider that to be reasonable compensation for a lease in this area?

15   **Aaron Anderson:** Yes.

16   **Tim Scott:** And, what percentage of the unit is EnerVest seeking to pool, today?

17   **Aaron Anderson:** 31.85%.

18   **Tim Scott:** Now, we do have an escrow requirement for this one. Is that right?

19   **Aaron Anderson:** That's correct.

20   **Tim Scott:** And, what's the reason for that, Mr. Anderson?

21   **Aaron Anderson:** There is a conflict between the two parties, due to an agreement between  
22   them.

23   **Tim Scott:** As to whether or not the tract is under lease? Is that right?

24   **Aaron Anderson:** That's correct.

25   **Tim Scott:** So, they're both listed as parties on Exhibit E. Is that right?

26   **Aaron Anderson:** That's correct.

1 **Tim Scott:** What percentage of the unit does this comprise?

2 **Aaron Anderson:** .59.

3 **Tim Scott:** Now, you're asking the Board to pool the parties listed on Exhibit B3. Is that  
4 correct?

5 **Aaron Anderson:** Yes.

6 **Tim Scott:** And, that EnerVest be named the operator for this unit?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** When we send out election letters, or the orders for making elections, if the Board  
9 grants our application, today, what address would be used for making any elections?

10 **Aaron Anderson:** 408 W. Main St; Abingdon, VA 24210. Attn: Chuck Akers, Land Manager

11 **Tim Scott:** You all are not using the P.O. Box, any longer. Is that right?

12 **Aaron Anderson:** We are no longer using the P.O. Box.

13 **Tim Scott:** Would this be the address for all communications, with regard to a pooling order?

14 **Aaron Anderson:** Yes, sir.

15 **Tim Scott:** Okay. That's all I have for Mr. Anderson.

16 **Bradley Lambert:** Any questions from the Board? [No response] You may continue, Mr.  
17 Scott.

18 **Tim Scott:** Thank you. Mr. Akers, your name, by whom you're employed, and your job  
19 description, please.

20 **Charles Akers:** My name is Charles Akers. I am Land Manager, with EnerVest Operating, in  
21 Abingdon, Virginia.

22 **Tim Scott:** Now, I believe you participated in the preparation of this application. Is that right?

23 **Charles Akers:** That is correct.

24 **Tim Scott:** And, you also assisted in the preparation of the AFE. Is that also correct?

25 **Charles Akers:** That is correct.

26 **Tim Scott:** Are you familiar with the total proposed depth of this well?

27 **Charles Akers:** Yes, it's 5,388 feet.

1 **Tim Scott:** What are the estimated reserves of this unit?

2 **Charles Akers:** The estimated reserves are 525 Mcf.

3 **Tim Scott:** Are you also familiar with the well cost, for this unit?

4 **Charles Akers:** Yes, I am.

5 **Tim Scott:** What's the proposed estimated dry hole cost?

6 **Charles Akers:** The estimated dry hole cost, for this well, is \$233,900.

7 **Tim Scott:** What's the estimated completed well cost?

8 **Charles Akers:** \$498,450.

9 **Tim Scott:** And, that's reflected on the AFE. Is that right?

10 **Charles Akers:** That is correct, yes.

11 **Tim Scott:** So, in your opinion, if the Board grants our application, today, would it protect  
12 correlative rights, prevent waste, and promote conservation?

13 **Charles Akers:** Yes.

14 **Tim Scott:** That's all I have for Mr. Akers.

15 **Bradley Lambert:** Any questions from the Board?

16 **Bill Harris:** Mr. Chairman, I think we had a comment, once before, about the quality of the  
17 AFE copy that we get, that we can't read all of the numbers that's there. I'm not sure.... This is  
18 on Page 17, of 19. I think this may have been brought up, before. I'm not sure who does the  
19 scanning and how that's relayed.

20 **Tim Scott:** I think what we're doing, Mr. Harris, I think this is one of the last bad ones.

21 **Bill Harris:** Yes. Okay, because I remember a month or two ago, that we...

22 **Tim Scott:** I think we've got the problem corrected, now.

23 **Bill Harris:** Okay.

24 **Tim Scott:** I can't read it, either. It takes a magnifying glass, to see it. I think we've got it  
25 straightened out. I think the ones that are coming up, for July, those are easy to read.

26 **Bill Harris:** They'll be better clarity.

27 **Tim Scott:** Yes, sir.



1 **Bill Harris:** Okay. Thank you. That was it, Mr. Chairman.

2 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Scott?

3 **Tim Scott:** That's all I have, Mr. Chairman.

4 **Bradley Lambert:** Do I have a motion?

5 **Donnie Rife:** Motion made for approval, Mr. Chair.

6 **Bill Harris:** Second.

7 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All in  
8 favor signify by saying yes.

9 **Board:** Yes.

10 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That one is approved.

11 **Item Number 14**

12 **Bradley Lambert:** We're calling Docket Item Number 14. A petition from EnerVest  
13 Operating, LLC, for pooling of Unit V-550512. Docket Number VGOB-17-0620-4132. All  
14 parties wishing to testify please come forward.

15 **Tim Scott:** Tim Scott, Chuck Akers, and Aaron Anderson, for EnerVest Operating.

16 **Bradley Lambert:** You may proceed, Mr. Scott.

17 **Tim Scott:** Mr. Anderson, again, your name, by whom you're employed, and your job  
18 description.

19 **Aaron Anderson:** I'm Aaron Anderson, employed by EnerVest Operating, LLC, as an  
20 Associate Land Man.

21 **Tim Scott:** In this particular situation, again, we're asking not only for pooling, but we asking  
22 for the establishment of a unit. Is that right?

23 **Aaron Anderson:** That's correct.

24 **Tim Scott:** Again, how many acres will this unit contain?

25 **Aaron Anderson:** 112.69.

26 **Tim Scott:** And, EnerVest has a significant portion of this unit under lease, presently. Is that  
27 right?

1 **Aaron Anderson:** That's correct.

2 **Tim Scott:** Are we going to release any respondents, or dismiss any respondents listed on  
3 Exhibit B3?

4 **Aaron Anderson:** No, sir.

5 **Tim Scott:** Have you attempted to reach an agreement with those parties, respondent?

6 **Aaron Anderson:** Yes.

7 **Tim Scott:** Your leasing efforts are ongoing. Is that, also, correct?

8 **Aaron Anderson:** That's correct.

9 **Tim Scott:** What percentage of the unit does EnerVest have under lease, presently?

10 **Aaron Anderson:** 86.27.

11 **Tim Scott:** And, we provided notice of this hearing to those parties listed on B3. Did we not?

12 **Aaron Anderson:** We did.

13 **Tim Scott:** How was that done?

14 **Aaron Anderson:** By certified mail.

15 **Tim Scott:** Have we provided proof of our mailing, to the Board?

16 **Aaron Anderson:** We have.

17 **Tim Scott:** Do we have any unknown owners, in this unit?

18 **Aaron Anderson:** No, sir.

19 **Tim Scott:** Okay. Again, is EnerVest authorized to conduct business in the Commonwealth?

20 **Aaron Anderson:** Yes.

21 **Tim Scott:** And, is there a blanket bond on file?

22 **Aaron Anderson:** Yes.

23 **Tim Scott:** If you were to reach an agreement with those parties listed on Exhibit B3, what lease  
24 terms would you offer?

25 **Aaron Anderson:** \$25 per acre for a 5-year paid up lease, with a 1/8 royalty

26 **Tim Scott:** And, do you consider that to be fair compensation for a lease in this area?

1 **Aaron Anderson:** Yes, sir.

2 **Tim Scott:** What percentage of the unit is EnerVest seeking to pool?

3 **Aaron Anderson:** 13.73.

4 **Tim Scott:** And, we do not have an escrow requirement. Is that right?

5 **Aaron Anderson:** That's correct.

6 **Tim Scott:** So, you are asking the Board to pool the parties listed on Exhibit B3 and, also, for  
7 EnerVest to be named the operator. Is that right?

8 **Aaron Anderson:** Yes, sir.

9 **Tim Scott:** And, we send out this order, if our application is granted, what would be the address  
10 for any correspondence that would be used, regarding any elections that are made?

11 **Aaron Anderson:** 408 W. Main St.; Abingdon, VA 24210. Attn: Chuck Akers, Land Manager

12 **Tim Scott:** And, that should be the address for all communications, regarding any potential  
13 order. Is that right?

14 **Aaron Anderson:** Yes, sir.

15 **Tim Scott:** That's all I have for Mr. Anderson.

16 **Bradley Lambert:** Any questions from the Board? [No response] You may continue, Mr.  
17 Scott.

18 **Tim Scott:** Mr. Akers, one more time, your name, by whom you're employed, and your job  
19 description.

20 **Charles Akers:** My name is Charles Akers, Land Manager with EnerVest Operating, located in  
21 Abingdon, Virginia.

22 **Tim Scott:** And, we had previously, asked for a Well Location Exception for this particular  
23 unit. Is that right?

24 **Charles Akers:** That's correct.

25 **Tim Scott:** At which time, you testified to the depth. Can you please testify as to the depth,  
26 again, please?

27 **Charles Akers:** Yes, the estimated depth will be 4,602 feet.

28 **Tim Scott:** And, that's reflected on the AFE, also. Is that right?

1 **Charles Akers:** That's correct. Yes.

2 **Tim Scott:** Are you also familiar with the estimated reserves, for this unit?

3 **Charles Akers:** Yes, I am. 450 Mcf.

4 **Tim Scott:** And, you participated in the preparation of the AFE. Is that right?

5 **Charles Akers:** Yes, I did.

6 **Tim Scott:** So, you have knowledge of it?

7 **Charles Akers:** Yes.

8 **Tim Scott:** Are you familiar with the well cost, for the proposed well?

9 **Charles Akers:** Yes, the estimated dry hole cost, for this well, is \$237,900.

10 **Tim Scott:** What's the estimated completed well cost?

11 **Charles Akers:** \$487,500.

12 **Tim Scott:** In your opinion, if our application is granted, today, would it prevent waste, promote  
13 conservation, and protect correlative rights?

14 **Charles Akers:** Yes.

15 **Tim Scott:** Okay. That's all I have for Mr. Akers.

16 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

17 **Tim Scott:** That's all I have for this one, Mr. Chairman.

18 **Bradley Lambert:** Do I have a motion?

19 **Donnie Rife:** Motion made for approval, Mr. Chair.

20 **Bill Harris:** Second.

21 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
22 response] All in favor signify by saying yes.

23 **Board:** Yes.

24 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That is approved.

**Item Number 15**

**Bradley Lambert:** We're now calling Docket Item Number 15. A petition from EnerVest Operating, LLC, for pooling of Unit VC-531514. Docket Number VGOB-17-0620-4133. All parties wishing to testify please come forward.

**Tim Scott:** Tim Scott, Chuck Akers, and Aaron Anderson, for EnerVest Operating.

**Bradley Lambert:** You may proceed, Mr. Scott.

**Tim Scott:** I think Mr. Anderson will be passing out some revised exhibits. We had some success in leasing efforts, since the application was made. I think these have been uploaded. If they're not, we'll do it, this afternoon. Okay, Mr. Anderson, you've passed out the revised exhibits. Is that correct?

**Aaron Anderson:** That's correct.

**Tim Scott:** And, again, for the record, your name, by whom you're employed, and your job description.

**Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as an Associate Land Man.

**Tim Scott:** In this particular case, we're just seeking a pooling because this is already an established unit. Is that right?

**Aaron Anderson:** That is correct.

**Tim Scott:** How many acres does this unit contain?

**Aaron Anderson:** 58.77.

**Tim Scott:** Is it located in the Nora Coalbed Gas Field? Is that right?

**Aaron Anderson:** It is.

**Tim Scott:** And, EnerVest does have drilling rights in this unit. Is that right?

**Aaron Anderson:** That's correct.

**Tim Scott:** Since the time we made application, you all have obtained, at least, one lease. Is that correct?

**Aaron Anderson:** That's correct.

**Tim Scott:** And, who is that from?

1 **Aaron Anderson:** It's in Tract 9. It's Wanda Joyce Staunton.

2 **Tim Scott:** So, you're asking the Board to dismiss her from this application, today?

3 **Aaron Anderson:** Yes, sir.

4 **Tim Scott:** Now, we notified a number of people, on this particular application. How was  
5 notice provided to the Board?

6 **Aaron Anderson:** By certified mail, with return receipt requested.

7 **Tim Scott:** And, have we provided proof of mailing to the Board?

8 **Aaron Anderson:** Yes.

9 **Tim Scott:** And, we also provided notice in an additional way. Is that right?

10 **Aaron Anderson:** That's right. We noticed, by publication in the Bluefield Daily Telegraph on  
11 May 26, 2017.

12 **Tim Scott:** And, we have unknowns in this unit. Is that right?

13 **Aaron Anderson:** That is correct.

14 **Tim Scott:** And, those parties are listed on Exhibit E. Is that right?

15 **Aaron Anderson:** Yes.

16 **Tim Scott:** Now, again, is EnerVest authorized to conduct business in the Commonwealth?

17 **Aaron Anderson:** Yes.

18 **Tim Scott:** And, there is a blanket bond on file. Is that right?

19 **Aaron Anderson:** That is correct.

20 **Tim Scott:** And, if you were able to reach an agreement with those parties listed on Exhibit B3,  
21 what terms would you offer?

22 **Aaron Anderson:** \$25 per acre for a 5-year paid up lease, with a 1/8 royalty

23 **Tim Scott:** Do you believe that's a fair price for a lease in this area?

24 **Aaron Anderson:** Yes.

25 **Tim Scott:** What percentage does EnerVest have under lease, presently?

26 **Aaron Anderson:** 85.86090278.

1 **Tim Scott:** And, that percentage also includes tracts in which EnerVest is the fee simple owner  
2 of the minerals. Is that right?

3 **Aaron Anderson:** That's correct.

4 **Tim Scott:** So, what percentage are you seeking to pool, today?

5 **Aaron Anderson:** 14.13909722.

6 **Tim Scott:** And, we indicated that we have unknowns. Is that right?

7 **Aaron Anderson:** Yes.

8 **Tim Scott:** So, we have an escrow requirement?

9 **Aaron Anderson:** We do.

10 **Tim Scott:** And, the basis for that is what? Unknown owners?

11 **Aaron Anderson:** That's correct.

12 **Tim Scott:** Which tracts are involved, for escrow?

13 **Aaron Anderson:** Tracts 9 and 11.

14 **Tim Scott:** And, what's the total percentage of the unit that would be affected?

15 **Aaron Anderson:** 1.35375.

16 **Tim Scott:** And, you've provided to Mr. Cooper your attempts to locate these people. Is that  
17 right?

18 **Aaron Anderson:** That's correct.

19 **Tim Scott:** Are you requesting the Board to pool the unleased parties listed on Exhibit B3?

20 **Aaron Anderson:** Yes.

21 **Tim Scott:** And, that EnerVest be named the operator of this unit. Is that right?

22 **Aaron Anderson:** That is correct.

23 **Tim Scott:** In the event that the Board grants our application and the orders are sent out for  
24 making elections, what address would be used for making any elections, under an order entered  
25 by the Board?

26 **Aaron Anderson:** 408 W. Main St; Abingdon, VA 24210. Attn: Chuck Akers, Land Manager.

27 **Tim Scott:** And, would this be the address for all communications?

1 **Aaron Anderson:** Yes.

2 **Tim Scott:** That's all I have for Mr. Anderson.

3 **Bradley Lambert:** Any questions from the Board? [No response] You may continue, Mr.

4 Scott.

5 **Tim Scott:** Thank you. Mr. Akers, one more time, your name, by whom you're employed, and

6 your job description, please.

7 **Charles Akers:** My name is Charles Akers. I'm a Land Manager, with EnerVest Operating, in

8 Abingdon, Virginia.

9 **Tim Scott:** And, you helped in preparing this application. Is that right?

10 **Charles Akers:** That is correct.

11 **Tim Scott:** So, you're familiar with the proposed well depth. Is that right?

12 **Charles Akers:** Yes, I am. It's 3,347 feet.

13 **Tim Scott:** And, you also helped with the AFE. Is that also correct?

14 **Charles Akers:** That is correct.

15 **Tim Scott:** So, you're familiar with the estimated reserves and with the cost of this well?

16 **Charles Akers:** Yes, I am. The estimated reserves that we are expecting are 525 Mcf. And, the

17 estimated dry hole cost is \$158,400, with the estimated completed well cost at \$486,600.

18 **Tim Scott:** In your opinion, if the Board grants our application, would it prevent waste, promote

19 conservation, and protect correlative rights?

20 **Charles Akers:** Yes.

21 **Tim Scott:** That's all I have for Mr. Akers.

22 **Bradley Lambert:** Questions from the Board? [No response] Anything further, Mr. Scott?

23 **Tim Scott:** That's all I have, Mr. Chairman.

24 **Bradley Lambert:** Do I have a motion?

25 **Donnie Rife:** Motion made for approval, Mr. Chair.

26 **Bill Harris:** Second.



1 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All in  
2 favor signify by saying yes.

3 **Board:** Yes.

4 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Scott. That is approved.

5 **Tim Scott:** Thank you.

6 **Item Number 16**

7 **Rick Cooper:** Are you going to report on your "No W-9's?" Did you want to report to the  
8 Board?

9 **Aaron Anderson:** Yes. I know Mr. Ratliff had asked, a couple meetings ago, what the status of  
10 our "No W-9's," that were approved for disbursement. I guess I was going to report back to what  
11 we had done and what some of our successes have been. As of our last hearing, there was 249  
12 individuals that had not submitted a W-9 to the bank, to receive their check. So, we followed up  
13 with a subsequent mailing to those individuals. Some of them were individuals that showed up  
14 twice in an application. From that, 38 people have responded. Those 38 people made up  
15 \$39,386 that was able to be disbursed, by the bank, which was 45% of the monies that had been  
16 undistributed, at that time.

17 **Donnie Rife:** What was the percentage of 38 people, that was notified?

18 **Aaron Anderson:** 249 individual accounts and there's 38 of those, so we were showing, like,  
19 3.2% had responded to that last mailing.

20 **Donnie Rife:** Did you send me one, by any chance?

21 **Aaron Anderson:** No, but we're continuing on those efforts and we'll report back, at the next  
22 hearing, about any more that we receive.

23 **Bradley Lambert:** Okay, folks. We appreciate it. Have a good afternoon.

24 **Tim Scott:** Thank you.

25 **Bradley Lambert:** Mr. Cooper.

26 **Rick Cooper:** I just wanted to give an update on the disbursements. This fiscal year, we're  
27 working on, now, we've disbursed \$5,822,000. Since the coal dismissal bill came forward, we  
28 have disbursed \$12,800,545, which turns out to be just a little over 10,000 checks that have been  
29 written, to make that disbursement.

30 **Bradley Lambert:** Okay.

1 **Rick Cooper:** I will report to the Board, next month. Our Virginia Gas and Oil Board  
2 regulations are in the process of being approved. They become effective on July 27, so at the  
3 next Board hearing, I'll give you a highlight of what the new requirements are.

4 **Bradley Lambert:** Mr. Kugelman, can you give us an update on Yellow Poplar?

5 **Paul Kugelman:** Yes, sir, I can. I'm happy to do it.

6 **Bradley Lambert:** Thank you.

7 **Paul Kugelman:** Last time I think I spoke to the Board about this, the parties had reached an  
8 agreement and it was subject to approval by the court. The court has approved, I think it was just  
9 about ten days ago, the proposed settlement. I have forwarded a copy of the order to Mr.  
10 Lambert and Mr. Cooper. I've talked with Tim Scott, who represents, before the Board, the  
11 company involved in the Yellow Poplar, who would be filing the petitions for disbursement. It  
12 looks like everything is moving along pretty smoothly. They're preparing their petitions for  
13 disbursement. They couldn't have them ready in time for the August meeting because the  
14 deadline is today, I believe. When's the deadline?

15 **Rick Cooper:** For the July meeting?

16 **Paul Kugelman:** For the July meeting. I'm sorry. I'm already in July. It's June. For the July  
17 meeting. So, they anticipate having them in, in time for the August meeting, which would mean  
18 that the disbursements would be handled, unless there's something unusual, administratively, by  
19 the Gas and Oil Division. We anticipate, I think if I remember right, a little north of \$4,000,000  
20 will be disbursed.

21 **Donnie Rife:** What did you say the amount was?

22 **Rick Cooper:** The last time we calculated, it was \$4.3 million. That's about 62 accounts.

23 **Paul Kugelman:** So, once we get the disbursements done, that should wind Yellow Poplar  
24 down. The only anticipated problems would be if there were some objection, which would  
25 require Mr. Cooper to elevate it to the Board, but quite simply, since there's a court order, the  
26 Board's hands are tied. So, it will be a very short hearing, if anybody objects to anything.

27 **Donnie Rife:** Do you know how the disbursements went? How much went to such-and-such?

28 **Paul Kugelman:** Do you have a copy?

29 **Rick Cooper:** I didn't hear the question.

30 **Paul Kugelman:** He wanted to know how much was going to each. I can't remember the  
31 percentages. There were three tracts of land, that were involved in the disbursements. The

1 agreed percentage disbursements varied, for each tract, but the parties were, basically,  
2 Weyerhaeuser, which bought over Yellow Poplar, I think.

3 **Bradley Lambert:** Yes.

4 **Paul Kugelman:** And, then, there's the bankruptcy estate for Yellow Poplar, from 1929, as one  
5 of the parties.

6 **Donnie Rife:** So, that goes to heirship? Is that what you're talking about?

7 **Paul Kugelman:** They're going to figure all that out, so we're going to disburse it to the trustee,  
8 and the trustee.... It takes it out of the Board's hands and the trustee's going to run all that down.

9 **Donnie Rife:** So, you're basically looking at Range, heirship, and Weyerhaeuser.

10 **Paul Kugelman:** Yes, sir.

11 **Donnie Rife:** Okay. When they receive the assets, they also inherit the liability and tax base.  
12 Right?

13 **Paul Kugelman:** I don't understand what you mean.

14 **Donnie Rife:** There's got to be some taxes owed on this money, to the counties, such as  
15 Dickenson, Buchanan County.

16 **Paul Kugelman:** Oh, I see what you mean. Correct. Yes, the person receiving the royalties is  
17 responsible for...

18 **Donnie Rife:** That's what I wanted to hear.

19 **Paul Kugelman:** Okay. Yes, sir.

20 **Mary Quillen:** Who is the trustee for...?

21 **Paul Kugelman:** It's appointed by the US Bankruptcy Court for the Western District of  
22 Virginia. I think it's John Lamie. I don't know if he's Counsel for the trustee, right now, or he's  
23 actually the trustee. He's serving as trustee? So, it's Mr. John Lamie.

24 **Donnie Rife:** I think they're in the process of trying to run down all the heirship people.

25 **Paul Kugelman:** They're running some advertisements, to try to figure out who's who and, how  
26 that all works out in the end, I do not know. Despite my wanting to avoid bankruptcy law, I've  
27 been dragged through it a good bit, lately.

28 **Donnie Rife:** That's what I needed to know.

1 **Bradley Lambert:** There's a possibility that the Board is to disburse the funds when we receive  
2 the petitions. That's what we're waiting on.

3 **Rick Cooper:** Mr. Chairman, is that a motion you all vote on, or are we just assuming that we  
4 do that, internally? I guess I'm asking that question.

5 **Donnie Rife:** When it becomes a court order, I think, like you said, we're just basically, out of  
6 the picture. It's just a nod. It's just a common courtesy thing that they notify us, isn't it?

7 **Bradley Lambert:** No, it will have to come before either the Board or the Board can grant Mr.  
8 Cooper the ability to disburse, based upon the court order. If we want to do that, today, we can.  
9 This Board can vote, today, to go ahead and allow Mr. Cooper to act upon those disbursements,  
10 once the petitions are received, based upon the court order that's already been issued.

11 **Donnie Rife:** I'll put that as the form of a motion, Mr. Chair.

12 **Bradley Lambert:** Okay.

13 **Bill Harris:** I'll go ahead and second that.

14 **Bradley Lambert:** Okay. I have a motion and I have a second. Any further discussion about  
15 that?

16 **Mary Quillen:** You know, we've been involved in this for such a long time and, you know,  
17 we've looked at Yellow Poplar and all of the discussion and everything. When these final  
18 approval and disbursement takes place, I would like to see that come before the Board, at the  
19 time that it's done.

20 **Bradley Lambert:** That will be 62 petitions that we'll have to address.

21 **Donnie Rife:** Yes.

22 **Bradley Lambert:** And, they'll all be, pretty much, the same.

23 **Mary Quillen:** I don't mean.... I mean...

24 **Paul Kugelman:** Do you just want a report?

25 **Bradley Lambert:** We can have a report. Is that what you're saying?

26 **Mary Quillen:** Yes.

27 **Bradley Lambert:** Oh, we would expect Mr. Cooper to give a report on it.

28 **Mary Quillen:** Yes.

29 **Rick Cooper:** Consider that accomplished, Ms. Quillen.

1 **Mary Quillen:** I just think that's something that we've dealt with for such a long time, I think it  
2 should have some kind of recognition.

3 **Bradley Lambert:** We would agree.

4 **Donnie Rife:** It's going to feel like you had a nail took out of your foot.

5 **Mary Quillen:** Yes.

6 **Bradley Lambert:** So, we have a motion and a second to allow Mr. Cooper to go ahead and  
7 disburse, based upon the petitions received, as per the court order, with also, the stipulation that  
8 Mr. Cooper report back to the Board, monthly, on progress.

9 **Donnie Rife:** Motion made, Mr. Chair.

10 **Bill Harris:** I'll second that amended motion.

11 **Bradley Lambert:** I have a motion and we have a second. Any further discussion? [No  
12 response] All in favor signify by saying yes.

13 **Board:** Yes.

14 **Bradley Lambert:** Opposed no. [No response]

15 **Item Number 17**

16 **Bradley Lambert:** Okay, the last thing on our Docket is the approval of our May minutes. Do  
17 we have any corrections, additions? [No response] If not, I'll ask for approval of the minutes.

18 **Donnie Rife:** Motion made for approval as presented Mr. Chair.

19 **Bill Harris:** I'll second that.

20 **Bradley Lambert:** I have a motion and a second. All in favor signify by saying yes.

21 **Board:** Yes.

22 **Bradley Lambert:** Opposed no. [No response] I have a motion to dismiss. We are dismissed.